Commercial Lines Manual Division One – Commercial Automobile

Automobile Dealers Program

1. Program Background

The automobile dealers program is designed to provide package and/or garage liability to both new and used car dealers.

For garage liability, minimum limits of liability are 1 million per accident (automobile liability) and 1 million each occurrence and 1 million aggregate (general liability).

Rating for package and garage liability will be per rating plans filed with various state insurance departments.

1. Program Eligibility

Eligible applicants must be in the business of selling new or used automobiles, including all operations incidental to automobile sales.

* + Applicants must be in the business at least one year.
  + Applicants must be licensed if required by law.
  + Applicants must be in sound financial condition with no prior bankruptcies.

1. Optional Coverages
2. Amendment-Aggregate Limits of Insurance (Per Location). Endorsement number 77533.

Available to applicants with multiple locations that wish to purchase limits of liability applicable to each location.

Rating: Premium charge will be 1% of the garage liability premium.

1. Aggregate Limit of Insurance-Garagekeepers Coverage. Endorsement number 77761.

Available to applicants who wish to purchase Garagekeepers Liability

on a blanket basis. Limits will apply to all losses at all locations during the policy period, in lieu of limits applying to each loss at each location.

Rating: The CLM provides loss costs for limits up to $2.5

million.

For applicants wishing to purchase blanket limits below

$2.5 million, standard CLM rating will apply.

1. Amendment-Deductible-Completed Operations. Endorsement 77534

Available to applicants who wish to purchase a completed operations deductible for coverage afforded under the garage liability policy.

|  |  |
| --- | --- |
| **Deductible** | **Discount** |
| **Amount** | **Factor** |
| **$ 250** | **0.0007** |
| **500** | **0.0013** |
| **750** | **0.0018** |
| **1,000** | **0.0023** |
| **2,000** | **0.0040** |
| **3,000** | **0.0054** |
| **4,000** | **0.0065** |
| **5,000** | **0.0075** |

1. The following endorsements are for use with the ISO Garage Coverage Form and are available to applicants wishing to broaden coverage provided by this policy. These endorsements provide coverage not available under the standard HIB Garage Coverage Form.

Garage Extension Endorsement – Form No. 76762

This endorsement was developed encompassing 2 of the coverage endorsements available through HIB: CA 25 01 (Broad Form Products Coverage) and CA 20 55 (Fellow Employee Coverage).

Garage Extension Endorsement (Defense Only) – Form No. 99139

This endorsement is attached to the HIB Garage Coverage Form to provide defense only coverage.

* 1. Premium Calculation

The premium calculation for both endorsements is determined as follows:

* + 1. Charge 3% of the Garage Liability premium for Section II Additional Coverages 1. Title Error and Omissions 2. Insurance Agents Errors and Omissions, 4. Truth in Lending Errors and Omissions for the Purchase or Lease of an Automobile and 5. Odometer Alteration Liability Coverage Applicable Only When the Insured is a Franchised Automobile Dealer.
    2. Charge 2% of the Garage Liability premium for Section II Additional Coverage 3. Automobile Dealers Legal Defense and Product Related Damages.
    3. Charge 1% of the Garage liability premium for Section I Fellow Employee, Defective Products and Work You Performed.
    4. Defense Only Option

Apply a credit of 0.05 with the attachment of Garage Extension Endorsement (Defense Only) – Form No. 99139.

Final premium is the sum of the charges and credits from A, B, C, and D above modified by a selected optional limit and/or deductible credit factor below applied to the Garage Liability premium.

* 1. Optional Limits
     1. **Section II** 1. Title Error and Omissions, 2. Insurance Agents Errors and Omissions, 4. Truth in Lending Errors and Omissions for the Purchase or Lease of an Automobile and 5. Odometer alteration Liability Coverage Applicable Only When the Insured is a Franchised Automobile Dealer.

|  |  |
| --- | --- |
| Limit 10,000/25,000 | Credit Factor 0.81 |
| 10,000/50,000 | 0.86 |
| 10,000/100,000 | 0.88 |
| 10,000/300,000 | 0.91 |
| 10,000/500,000 | 0.93 |
| 10,000/1,000,000 0.96 | |
| 25,000/25,000 | 0.93 |
| 25,000/50,000 | 1.00 |
| 25,000/100,000 | 1.03 |
| 25,000300,000 | 1.06 |
| 25,000/500,000 | 1.07 |
| 25,000/1,000,000 1.10 | |
| 50,000/50,000 | 1.09 |
| 50,000/100,000 | 1.19 |
| 50,000/300,000 | 1.23 |
| 50,000/500,000 | 1.26 |
| 50,000/1,000,000 1.29 | |
| 100,000/100,000 | 1.33 |
| 100,000/300,000 | 1.48 |
| 100,000/500,000 | 1.51 |

100,000/1,000,000 1.54

300,000/300,000 1.90

500,000/500,000 2.25

1,000,000/1,000,000 2.77

* + 1. **Section II** Automobile Dealers Legal Defense and Product Related Damages

|  |  |
| --- | --- |
| 10,000/25,000 | 0.81 |
| 10,000/50,000 | 0.86 |
| 10,000/100,000 | 0.88 |
| 10,000/300,000 | 0.91 |
| 10,000/500,000 | 0.93 |
| 10,000/1,000,000 0.96 | |
| 25,000/25,000 | 0.93 |
| 25,000/50,000 | 1.00 |
| 25,000/100,000 | 1.03 |
| 25,000300,000 | 1.06 |
| 25,000/500,000 | 1.07 |
| 25,000/1,000,000 | 1.10 |

* 1. Optional Deductibles –
     1. **Section II** 1. Title Error and Omissions 2. Insurance Agents Errors and Omissions, 4. Truth in Lending Errors and Omissions for the Purchase or Lease of an Automobile and 5. Odometer alteration Liability Coverage Applicable Only When the Insured is a Franchised Automobile Dealer.

B.

|  |  |
| --- | --- |
| Deductible | Credit Factor |
| $1000 | 1.00 |
| $2000 | .977 |
| $2500 | .959 |
| $3000 | .940 |
| $4000 | .887 |
| $5000 | .864 |
| $10,000 | .843 |
| $15,000 | .804 |
| $20,000 | .764 |
| $25,000 | .600 |

1. **Section II** Automobile Dealers Legal Defense and Product Related Damages.

|  |  |
| --- | --- |
| Deductible | Credit Factor |
| $1000 | 1.00 |
| $2000 | .977 |
| $2500 | .959 |
| $3000 | .940 |
| $4000 | .887 |
| $5000 | .864 |

1. Minimum Premium

Minimum Premium for RV dealers is $750. Minimum Premium for All Other Dealers is $1000. Interpolate for limits or deductibles not shown.

1. Mandatory Endorsements

Repair Endorsement 77536. This endorsement amends SECTION III – GARAGEKEEPERS COVERAGE, paragraph C. The endorsement reduces loss payments to insureds by 25% under the garagekeepers coverage part whenever the insured repairs damage to customer vehicles where coverage to the vehicle is afforded under the policy.

1. Garagekeepers Deductible Discount Factor Changes

These discount factors are intended to change the Garagekeepers Comprehensive and Collision deductible discount factors

Comprehensive

Deductible Factor

250/2500 .90

500/2500 .80

1,000/5000 .75

Collision

Deductible Factor

100 None

250 .90 (applied to the $100 ded loss costs)

500 .85 (applied to the $100 ded loss costs)

1,000 .70 (applied to the $100 ded loss costs)