# EXPLANATORY MEMORANDUM AIC-09-CA-11

**AUTOMOBILE DEALERS PROGRAM**

We are submitting a revision to our previous filing number AIC-06-CA-01. We are revising form number 76762 as explained below. We are also filing a new endorsement, 99139, which provides defense only coverage for a credit. In addition, we are filing a revision to the pricing for these endorsements. We are withdrawing this program from use by A I South as we are redeploying the company for use for other purposes. AI South has been completely run-off and there are no more in force policies. We moved all of the insureds to another affiliated company with proper notice.

In summary this filing does the following:

1. Deletes the ISO Broadened Coverage - Garages endorsement CA 2514 coverages from our existing 76762 Garage Extension Endorsement. The coverages that are removed are Personal and Advertising Injury Liability, Host Liquor, Fire Legal, Incidental Medical Malpractice, Non –Owned Watercraft, Additional Persons Insured, Automatic Liability Coverage – Newly Acquired Garage Businesses and Limited Worldwide Liability Coverage. ISO plans to incorporate these coverages into the Garage policy on the next revision. We will attach CA 2514 to the policy until ISO adopts this revision and charge the ISO approved rate.
2. Renumbers the remaining Sections
3. Adds Aggregate limits references to several coverages
4. Deletes references to “or other similar statute, law or ordinance” as it sometimes caused some confusion for Truth in Lending coverage.
5. Revises Odometer Alteration coverage to clarify that it applies to violations of Federal, State or local statute.
6. Clarifies that Automobile Dealers Legal Defense coverage applies to claims occurring or allegedly occurring during the policy period.
7. Under Section II 3. f. 1, updates the language to more current terminology of “good faith effort”.
8. Adds a modified “Work You Performed” exclusion to provide Mechanics Errors

& Omissions coverage.

1. Revises rating rules as follows:
   * Increase base premium charge from a flat percentage of garage liability premium to a tiered percentage of selected coverages, which is in line with the current marketplace (Universal Underwriters Insurance Company Unicover).
   * Increase existing increased limits factors, as well as offer additional limit of liability and deductible options, based on the current marketplace (Universal Underwriters Insurance Company Unicover).
   * The current book of business has experienced significant losses incurred from this endorsement. Revised pricing is based on underwriting judgment and a comparison to a lead competitor as noted above.
2. Creates a new optional form to provide defense only in Section IV Automobile Dealers Legal Defense and Product Related Damages Coverage for a credit.

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