Commercial Lines Manual Division One – Commercial Automobile

Franchised Auto 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 ISO Garage Coverage Form.

Garage Extension Endorsement – Form No. 76762

This endorsement was developed encompassing 2 of the coverage endorsements available through ISO: 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 ISO 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 Credit Factor

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 | |
| 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 |

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)

~~NEW HAMPSHIRE INSURANCE COMPANY~~ ~~GRANITE STATE INSURANCE COMPANY~~ ~~ILLINOIS NATIONAL INSURANCE COMPANY~~ ~~A.I. PACIFIC INSURANCE COMPANY~~

~~A.I. SOUTH INSURANCE COMPANY~~

**~~AUTOMOBILE DEALERS PROGRAM~~**

Commercial Lines Manual Division One – Commercial Automobile

Franchised Auto 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 (1/01).~~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 (2/01).~~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. ~~Limits in excess of $2.5 million are to be~~ ~~referred to company.~~

For applicants wishing to purchase blanket limits below

$2.5 million, standard CLM rating will apply.

1. Amendment-Deductible-Completed Operations. Endorsement 77534

# ~~(01/01)~~

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** |

# ~~Deductibles greater than $5,000 must be referred to~~ ~~company.~~

1. **Garage Extension Endorsement. Endorsement(s) 76762 (10/00), ~~76763 (10/00)-Louisiana and 77701 (2/01)-New York.~~**

**~~Available~~**4) The following endorsements are for use with the ISO Garage Coverage Form and are available to applicants wishing to broaden **~~the~~** coverage provided

**~~by the Garage Liability policy. This endorsement provides 15~~  ~~coverages~~**by this policy. These endorsements provide coverage not available under the standard **~~garage liability policy.~~**ISO Garage Coverage Form.

**~~However, the~~Garage Extension Endorsement – Form No. 76762**

This endorsement was developed encompassing **~~3~~**2 of the coverage endorsements available through ISO**~~; CA 25 14 (Broadened Coverage-Garages),~~**: CA 25 01 (Broad Form Products Coverage) and CA 20 55 (Fellow Employee Coverage).

**~~Rating:~~ ~~The charge for the~~ Garage Extension**

**Endorsement ~~will 7% of the developed garage liability~~(Defense Only) – Form No. 99139**

# ~~premium.~~

**~~The rating for higher limits than those afforded under~~  ~~the Garage Extension Endorsement is as follows:~~**

This endorsement is attached to the ISO 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.

* + 1. Charge 2% of the Garage Liability premium for Section II Additional

Coverage 3. Automobile Dealers Legal Defense and Product Related Damages.

* + 1. Charge 1% of the Garage liability premium for Section I Fellow Employee,

Defective Products and Work You Performed.

* + 1. 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 | Credit Factor |
| 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 |
| 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

# ~~Fire Legal Liability: Standard limits under the~~ ~~Garage Extension Endorsement is $100,000. Limits~~ ~~up to a maximum of $1,000,000 will be made~~ ~~available. Rating will be per the CLM rules and~~ ~~rates.~~

* 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.

# ~~Coverages X, XI, XIII, XIV: Standard limits and~~ ~~Optional limits are as follows. Note that higher~~ ~~limits for each section is not optional. If the~~

**~~insured chooses to purchase higher limits per below,~~  ~~than the insured must do so for all covers where~~  ~~higher limits are offered.~~**

**~~Current Form~~ ~~Option # 1~~ ~~Option # 2~~ ~~Sect. X - 300/300~~ ~~500/500~~ ~~1m/1m~~**

**~~Sect. XI - 300/300~~ ~~500/500~~ ~~1m/1m~~**

**~~Sect. XIII – 300/300~~ ~~500/500~~ ~~1m/1m~~**

**~~Sect. XIV – 300/300~~ ~~500/500~~ ~~1m/1m~~**

**B.**

1. **~~The premium charge for the higher limits is as~~**
2. **~~follows:~~**

**~~Option # 1 will be 7.7% of the developed Garage~~**

**~~Liability premium.~~**

|  |  |
| --- | --- |
| 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 |

**~~Option # 2 will be 8.4% of the developed Garage~~**

**~~Liability premium.~~**

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 |

# ~~The additional premiums for the higher limits are~~

**~~derived from the ISO multistate Premises~~**

**~~Operations Table 2 (i.e. the ILF from 300 to 500 is~~**

**~~1.1 thus 1.1 times .07 = .077, and from 500 to 1m~~**

**~~the ILF is 1.2 thus 1.2 times .07 is .084).~~**

Interpolate for limits or deductibles not shown.

1. Mandatory Endorsements

Repair Endorsement

–

**~~77536 (1/01).~~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

500

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

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

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