**Commercial Lines Manual**

**Division One – Commercial Automobile**

**Auto Dealers Program**

**LOUISIANA**

# Program Background

The automobile dealers program is designed to provide package coverage including automobile, general liability, and various Errors and Omissions coverages for franchised and non franchised automobile dealers.

Maximum limits of liability are $1,000,000 per accident for automobile and $1,000,000 occurrence with $2,000,000 aggregate for General Liability. Errors and Omissions can be written with limits up to $1,000,000 per incident and $1,000,000 aggregate.

Rating for all coverages will be per rating plans filed with various state insurance departments.

Louisiana Commercial Auto ISO Rule 109 will not be applied to this program.

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**

1. Blanket Limit of Insurance - Garagekeepers Coverage Form No. 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 Commercial Lines Manual provides loss costs for limits up to $2.5 million.

Applicants wishing to purchase blanket limits below $2.5 million, standard Commercial Lines Manual rating will apply.

2. The following endorsements are for use with the ISO Auto Dealers Form. They are available to applicants wishing to broaden coverage provided by this policy. These endorsements provide coverage not available under the standard ISO Auto Dealers Form.

Automobile Dealers 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). This endorsement also includes AutomobileDealersLegal Defense and Products Related Damages coverage and extends the ISO Errors and Omissions coverage to provide a separate aggregate for each of the defined Errors and Omissions coverages.

**I. Premium Calculation**

The premium calculation for this endorsement is determined as follows:

1. Charge 3% of the Errors and Omissions Liability premium to provide aggregate limits for each of the coverages 1, 2, 3, and 4 of the endorsement.
2. Charge 2% of the Automobile Dealers Liability Premium for Automobile

Dealers Legal Defense and Product Related Damages.

1. Charge 3% of the Automobile Dealers Liability Premium for elimination

of the Automobile Fellow Employee exclusion and elimination of the General Liability Defective Products and Work You Performed exclusions.

**II. Optional Limits**

1. Below are the limit factors to be applied to the filed Errors and Omissions rates for the below selection of limits

Limit Limit Factor

25,000 aggregate .85

50,000 aggregate 1.00

100,000 aggregate 1.22

300,000 aggregate 1.74

500,000 aggregate 2.06

1,000,000 aggregate 2.54

B. Automobile Dealers Legal Defense and Product Related Damages

Limit Limit 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

**III.** **Optional Deductibles**

1. Errors and Omissions

Deductible Factor

$1,000 1.00

$2,000 .977

$2,500 .959

$3,000 .940

$4,000 .887

$5,000 .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 Factor

$1,000 1.00

$2,000 .977

$2,500 .959

$3,000 .940

$4,000 .887

$5,000 .864

C. Minimum Premium

Minimum Premium for Automobile Dealers Extension Endorsement, form 76762, is $1,000.

###### D. 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.

**E. Garagekeepers Deductible Discount Factor Changes**

These discount factors are intended to change the Garagekeepers

Comprehensive and Collision deductible discount factors

Comprehensive

###### Deductible Factor

250/2,500 .90

500/2,500 .80

1,000/5,000 .75

2,500/12,500 .70

5,000/25,000 .65

Collision

Deductible Factor

100 None

1. .90 (applied to the $100 ded loss costs)
2. .85 (applied to the $100 ded loss costs)

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

2,500 .65

5,000 .60