**Commercial Lines Manual**

**Division One – Commercial Automobile**

**Auto Dealers Program**

# Program Background

**The automobile dealers program is designed to provide package 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.**

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. **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 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.**

2) The following endorsements are for use with the ISO Auto Dealers Form and 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 Automobile Dealers Legal 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.
3. 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 our limits factors to be applied to the filed Errors and Omissions rates for selection of limits other than the Basic limits.**1.

**Limit Credit 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

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

25,000/100,000 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 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

**D. Minimum Premium**

Minimum Premium for Automobile Dealers Extension Endorsement, form 76762, is $1000. (Not applicable in Maryland & New Jersey)

###### D. Mandatory Endorsements

###### Repair Endorsement – Form No. 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

**250/2500 .90**

**500/2500 .80**

**1,000/5000 .75**

**2500/12,500 .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)**

**2500 .65**

**5000 .60**