**Commercial Lines Manual**

**Texas Multi Peril**

**Auto Dealers Program**

# 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.**

**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**

**1) The following endorsement is 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**

**10,000/25,000 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 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)**