

## **Commercial Automobile Coverages**

### **Liability Coverage**

The liability coverage of the commercial auto policy provides protection against legal liability arising out of the ownership, maintenance, or use of any insured automobile. The insuring agreement agrees to pay damages for bodily injury or property damage for which the insured is legally responsible because of an automobile accident resulting from the ownership, maintenance, or use of a covered auto. The insuring agreement also states that in addition to the payment of damages for which the insured is legally liable for, the insurer also agrees to defend the insured for all legal defense cost. The defense cost is in addition to the policy limits.

### **Medical Payments Coverage**

The insuring agreement states that the insurer will pay all reasonable and necessary medical and funeral expenses incurred by an insured because of bodily injury caused by an accident. The insured is the named insured, the insured's employees and guests, and any other person occupying a covered auto. These payments are made without regard to fault.

### **Uninsured/Underinsured Motorist Coverage**

#### **Uninsured Motorist**

This insuring agreement pays for bodily injury to an insured who is injured by an uninsured motorist, a hit-and-run driver, or a driver whose insurer becomes insolvent. These benefits are paid under the named insured's policy.

#### **Underinsured Motorist**

This coverage is added to supplement the Uninsured Motorist Coverage, the coverage applies only when the other driver has liability limits at the time of an accident, but the liability limits carried may be insufficient to pay for damages for which the driver is responsible. This is when the insured's underinsured motorists coverage would apply and payment for the difference could be made. The two coverages are mutually exclusive and do not overlap or duplicate each other.

#### **Any Automobile**

Coverage is provided for any auto, including autos owned by the insured, autos the named insured hires or borrows from others, and other non-owned autos used in the insured's business.

#### **Owned Auto**

Coverage is provided for all autos owned by the named insured. The owned auto symbol is used for liability insurance only.

#### **Non-Owned Autos**

Coverage is provided only for autos not owned, leased, hired, or borrowed by the named insured. Coverage includes autos owned by the insured's employees or members of their households, but only while used in the named insured's business or personal affairs.

**Hired Auto**

Coverage is provided only for autos leased, hired, rented or borrowed for use in the named insured's business.

**Physical Damage Coverages****Collision Coverage**

This coverage provides protection against loss or damage to a covered auto or a non-owned auto resulting from the impact with another vehicle or object. Collision losses are paid regardless of fault.

**Comprehensive Coverage**

Comprehensive coverage provides protection against loss or damage to a covered auto resulting from loss other than a collision or upset. This coverage also provides for supplemental payments for transportation expenses in the event of total theft of a covered auto or a non-owned auto. Coverage begins forty-eight hours after the theft.

**Specified Cause of Loss**

This provides coverage against loss from fire, lightning, or explosion; theft; windstorm, hail, or earthquake; flood; mischief or vandalism; and sinking, burning, collision or derailment of a conveyance transporting the covered auto.

**Endorsements:****Rental Reimbursement**

The business auto policy provides a coverage extension if an auto is insured for comprehensive or specified cause of loss coverage which insures against loss of use of a covered auto only if the auto is a private passenger type auto and is stolen. The coverage extension pays up to a daily limit of \$10 and a maximum limit of \$300. Payments begin forty-eight hours after the theft and ends when the insured auto is returned or when the insurer has paid the insured for the auto.

However, for broader coverage the insured can pay an additional premium for rental reimbursement coverage. Rental reimbursement pays the cost of renting a substitute auto for replacement of any covered auto that has suffered a covered loss. The daily and maximum limit for this coverage varies among insurers.

**Towing and Labor**

When this coverage is added, the insurer pays for towing and labor costs each time a covered auto or non-owned auto is disabled, up to a stated amount.

**Personal Injury Protection**

Personal Injury Protection (PIP) is an endorsement that adds no-fault benefits. No-Fault means that in the event of an automobile accident, each party collects from his or her own insurer regardless of fault. The PIP endorsement is only available in certain states with No-Fault Laws. The endorsement applies only to bodily injury and not to property damage. (The state of Michigan is the exception to property damage.) No-Fault Laws vary widely from state to state.