

## **Garage Coverage Description**

Businesses engaged in selling, servicing, storing, or parking autos have special insurance needs. The garage coverage form was designed to cover the risk associated with these types of business operations. The garage policy combines coverage for auto liability, commercial general liability, and physical damage coverages in one policy. Garage operations are defined as the ownership, maintenance, or use of locations for garage business and that portion of the roads that adjoin these locations. The garage operations includes the ownership, maintenance and use of autos indicated in the policy as covered autos. Garage operations also includes coverage for all operations that are necessary or incidental to a garage business. An auto is defined as a land motor vehicle, trailer or semi-trailer. The type of coverage provided on the autos are determined by the use of ten auto symbols ranging from symbol 21 through 31. Symbol 30 is used to provide the garage keepers coverage on autos. Symbols 21 through 29 closely correspond to the same coverage provided under the business auto form with the use of symbols 1 through 9.

### **Garage Liability**

The broad liability insuring agreement provides bodily injury and property damage liability coverage similar to that provided by the commercial general liability policy and the business auto policy.

The liability insuring agreement for garage operations other than covered autos promises to pay all sums an insured legally must pay for damages because of bodily injury or property damage when caused by an accident and resulting from garage operations other than the ownership maintenance or use of covered autos.

Garage liability for covered autos is provided for the named insured and anyone else while using the auto with the insured's permission, the insured's employees, if the covered auto is owned by that employee, and the insured's customers, if the insured is an auto dealership. However, certain restrictions apply to coverage for customers.

The liability insuring agreement for garage operations other than covered autos promises to pay all sums an insured legally must pay for damages because of bodily injury or property damage caused by an accident and resulting from garage operations involving the ownership, maintenance or use of covered autos.

Garage liability for garage operations other than covered autos is provided, for the named insured, the insured's partners, employees of the insured, and directors or shareholders while acting within the scope of their duties.

The garage policy provides liability coverage for products that are made or sold in a garage business. The policy also provides completed operations insurance which is subject to a deductible. Completed operations coverage would apply in the event of a claim that resulted from property damage to an auto as a result of work the insured performed on that auto.

The policy has an annual aggregate limit for garage operations other than covered autos and an each accident limit which applies to both auto claims and other than auto claims.

### **Garage Keepers Liability**

The garage keepers section of the policy covers the insured's liability for loss to a covered autos or auto equipment left in the insured's care while the insured is attending, servicing, repairing, parking or storing the auto in the garage operation. Garage keepers coverage is necessary because liability for such damages is excluded under the garage liability section of the policy with the care, custody, or control exclusion. The causes of loss that may be insured against are collision, comprehensive, or specified causes of loss. The specified causes of loss are fire, explosion, theft, and mischief or vandalism. The limit of insurance shown in the policy is the most the insurer will pay for each loss at each location listed in the policy. In addition to the limit of insurance the garage keepers policy pays supplementary payments that could be made to cover the cost of expenses incurred while the insurer is defending the insured against suits alleging covered losses.

Garage keepers insurance can apply on a legal liability basis, which means the insured must be legally obligated for the damages in order for the insurer to respond to a claim. The insured can also pay an extra premium for direct coverage. The direct coverage endorsement will pay for losses to customers cars without the usual requirement that the insured be legally liable. This endorsement is also known as goodwill coverage by many insured's because it preserves good customer relations when a customer expects to be paid for a loss even though the garage is not legally obligated to do so.

### **Garage Physical Damage Coverages**

Garage physical damage insurance provides the same collision, comprehensive and specified causes of loss coverages available under the business auto coverage form. However, the garage form contains a number of exclusions that are not found in the business auto form. As with the business auto form the coverage can be written on a comprehensive basis or a specified cause of loss basis. The comprehensive insuring agreement states it will pay for loss to a covered auto or its equipment from any cause except collision, overturn, or a peril specifically excluded. The specified cause of loss insuring agreement states it will pay for losses caused by fire, lightning or explosion, theft, windstorm, hail or earthquake, flood, mischief or vandalism and the sinking, burning, collision, or derailment of a conveyance transporting the insured vehicle. The collision coverage pays for a loss to a covered auto caused by a collision with another object or overturn.

Transportation expenses and towing and labor coverage can be added for non-dealers only. Auto dealers physical damage coverage is provided for new or used autos held for sale by an auto dealership. When this coverage is desired it is usually written on a reporting form basis.

The limit of insurance under the physical damage coverage is the smaller of the actual cash value of the damaged or stolen property at the time of the loss or the cost to repair or replace the property with property of like kind and quality. Auto dealerships have other provisions that may determine the limit of insurance. A deductible would apply for comprehensive or specified cause of loss coverage.

When the insured is a non-dealer the Comprehensive coverage deductible does not apply to losses caused by fire or lighting.

When the insured is an auto dealership the deductible for specified cause of loss or comprehensive coverage applies only to losses caused by theft mischief or vandalism. Comprehensive and specified cause of loss coverage for auto dealers and non-dealers carries a per auto deductible, as well as a maximum deductible which is applicable for all loss in any one event. When collision coverage is added a deductible would apply for each covered auto.