Some Mass
Personal Auto Issues

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To Be (an Insured) or Not To Be (an Insured) ... That is the Question?!

I. First, the basics...Who are the players?

A. You

You or Your – refers to the person(s) named in item 1 of the Coverage Selections Page.

- Unlike the Homeowners Policy and the countrywide PAP, “You” does not include spouse

B. Household Member

Household Member – means anyone living in your household who is related by blood, marriage or adoption. This includes wards, step-children or foster children.

- Resident spouse is included here ... (But he or she does get some special treatment in a couple of other places...Still not a “you”, but special none the less!)
- Anyone else meeting the above definition is included here!
- Anyone not meeting the above definition is not a “Household Member”, even if they live in the household!

C. Listed Operators

Check carefully that all operators of your auto(s) are shown. Your failure to list a household member or any individual who customarily operates your auto may have very serious consequences.

- They don’t have to be related...They don’t have to live in the same house...They don’t even have to live in the same town...If they “customarily” operate your auto, they must be listed
- But just to make it interesting, “customarily” isn’t defined!
So, just what are these “serious consequences”?

If you or someone on your behalf gives us false, deceptive, misleading or incomplete information in any application or policy change request and if such…information increases our risk of loss, we may refuse to pay claims under any or all of the Optional Insurance Parts of this policy. Such information includes the description and place of garaging of the vehicles to be insured, the names of all household members and customary operators required to be listed and the answers given for all listed operators. We may also limit our payments to those amounts that we are required to sell under Part 3 and Part 4 of this policy.

And, of course, there is the ever popular...

We will not pay for a collision loss for an accident which occurs while your auto is being operated by a household member who is not listed as an operator on this policy. Payment is withheld when the household member, if listed, would require the payment of additional premium on this policy because:

1. the household member would be classified as an inexperienced operator, or
2. a higher rating step would be assigned under the Safe Driver Insurance Plan.

You must notify us within 60 days after a person who will operate your auto becomes a household member, if that person was not a household member on the effective date of your policy. In the same manner, you must notify us if a household member, who will operate your auto, becomes a licensed operator.
D. Permitted users

_Wording from Part 4 (PD) & similar wording in Part 5 (OBI)_

We will pay only if you, or a **household member**, is legally responsible for the accident. We will also pay if someone else using **your auto** with your consent is legally responsible for the accident.

- Anyone who uses “your auto” with your permission is an insured (The only exception is someone other than you or household members using your auto while in the course of employment in the business of selling, servicing, repairing, or parking autos)

II. What is the difference between a “You”, a “Household Member”, a “Listed Operator” and a “Permitted User”?

A. A “You”

- Gets the broadest coverage of all
  
  - Not only is a “You” an insured for a “Your Auto”, but all coverages except Part 10 – Substitute Transportation and Part 11 – Towing and Labor will follow a “You” as a pedestrian and in non-owned autos

B. A “Household Member”

- Gets very broad coverage
  
  - They are insureds with regard to “Your Auto” and they are also insureds as pedestrians and in non-owned autos for all coverages except Part 1 – Bodily Injury, Part 10 – Substitute Transportation and Part 11 – Towing and Labor
C. A “Permitted User”
  - Permitted Users are insureds only for use of “Your Auto”
    - They have no coverage on “your” policy as pedestrians or with regard to vehicles other than “Your Auto”

D. A “Listed Operator” (Other than a “Household Member”)
  - A glorified “Permitted User”!
    - They are “Permitted Users” who “customarily” use “Your Auto” and, therefore, we deserve some extra $$$ if they are in a category that would increase our premium
    - Just like other “Permitted Users” who are not “Household Members”, they have no coverage on “your” policy as pedestrians or with regard to vehicles other than “Your Auto”

III. What is a “Your Auto”?

<table>
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<tr>
<th><strong>Your Auto</strong> means:</th>
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<tr>
<td>A. The vehicle or vehicles described on the Coverage Selections Page.</td>
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<td>B. Any auto while used as a temporary substitute for the described auto while that auto is out of normal use because of a breakdown, repair, servicing, loss or destruction. But the term “your auto” does not include a substitute vehicle owned by you or your spouse.</td>
</tr>
<tr>
<td>C. A private passenger auto, trailer, motorcycle, pick-up truck, van or similar vehicle, to which you take title or lease as a permanent replacement for a described auto or as an additional auto. We provide coverage for an additional auto only if you ask us to insure it within seven days after you take title or the effective date of the lease.</td>
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IV. Putting it all together

A. Should the following be listed on your auto policy?

Y/N

___ 1. Your resident spouse

___ 2. Your nineteen year old brother who lives with you

___ 3. Your brother’s girlfriend who borrows your car on Saturdays to go shopping. She doesn’t live with you.

___ 4. Your next door neighbor who borrowed your car once when his daughter was using his car

___ 5. Your roommate who uses your car just once or twice a month

___ 6. Your five year old daughter

___ 7. Your eight year old foster child

___ 8. Your 25 year old nanny who lives with you and uses your car occasionally
B. Based on the previous questions, are the following insured on your policy?

Y/N

___ 1. Your resident spouse borrowed a neighbor’s car and had a serious at-fault accident. The neighbor’s policy had minimum limits

___ 2. Your nineteen year old brother who lives with you borrowed your car and totaled it

___ 3. Your brother’s girlfriend, who borrows your car on Saturdays to go shopping, injured someone in the supermarket parking lot

___ 4. Your next door neighbor borrowed your car once when his daughter was using his car, and he rear-ended someone at a traffic light

___ 5. Your roommate, who uses your car just once or twice a month, borrowed it one day and drove it directly into someone’s living room while trying to make a cell phone call

___ 6. Your five year old daughter gets behind the wheel of your car, puts it in gear and rolls it out your driveway and into your neighbor’s new Mercedes

___ 7. Your eight year old foster child is injured by a hit-and-run driver

___ 8. Your 25 year old nanny, who lives with you and occasionally uses your car, totals a friends car on her night off. Her friend, of course, does not have Collision Coverage, but the nanny is listed on your policy

___ 9. You and your family go on vacation and you bring the nanny. You rent a car and list her as an operator on the rental agreement. She has an at-fault accident while taking the kids to a movie

___ 10. While you were away, you left your car with your mechanic for repairs. When you got back it still wasn’t ready, so you rented a car. You ask the nanny to go to the store for you in the rental car and she injures a pedestrian
UNINSURED & UNDERINSURED
MOTORISTS COVERAGES...HOW DO THEY 
really WORK??!!

I. Bodily Injury Caused by an Uninsured Auto (UM)

A. Let’s look at the numbers

1. There are over 4,000,000 people driving on the roads in Massachusetts ...

   That’s scary!

2. Between 5% and 10% of them (200,000 to 400,000) are uninsured ...

   That’s even scarier!!

B. What does it cover?

1. Provides coverage for the types of damages which the injured party would normally be legally entitled to collect from the at-fault party’s policy

2. Some people argue that they don’t need UM because they have a good health plan and disability plan. UM provides three major benefits:
   a. Medical Expenses
   b. Lost Wages
   c. Pain and Suffering

3. Certainly good medical and disability plans lessen the need, but physical and emotional pain and suffering are very real and can be devastating!

4. It does not provide property damage coverage in Massachusetts or most other states
C. **What is an “Uninsured Auto”?**

Under this part, we will pay damages for bodily injury to people injured or killed in certain accidents caused by uninsured or hit-and-run autos. We will pay only if the injured person is legally entitled to recover from the owner or operator of the uninsured or hit-and-run auto. We will pay for hit-and-run accidents only if the owner or operator causing the accident cannot be identified.

Sometimes the company insuring the auto responsible for an accident will deny coverage or become insolvent. We consider such an auto to be uninsured for purposes of this part. However, we do not consider an auto owned by a governmental unit or someone who is legally self-insured to be an uninsured auto.

1. A vehicle with no insurance policy (Does not include government owned or self-insured vehicles)

2. A “hit-and-run” vehicle when owner or operator cannot be identified

3. A vehicle insured by a carrier which denies coverage

4. A vehicle insured by a carrier which becomes insolvent
We will pay damages to or for:

1. You, while occupying your auto, while occupying an auto you do not own, or if injured as a pedestrian.

2. Any household member, while occupying your auto, while occupying an auto not owned by you or if injured as a pedestrian. If there are two or more policies which provide coverage at the same limits, we will only pay our proportionate share. We will not pay damages to or for any household member who has a Massachusetts auto policy of his or her own or who is covered by any Massachusetts auto policy of another household member providing uninsured auto insurance with higher limits.

3. Anyone else while occupying your auto. We will not pay damages to or for anyone else who has a Massachusetts auto policy of his or her own, or who is covered by any Massachusetts auto policy of another household member providing uninsured auto insurance.

4. Anyone else for damages he or she is entitled to recover because of injury to a person covered under this Part.

If you are injured while occupying your auto and you have two or more autos insured with us with different limits, we will only pay up to the limits shown on your Coverage Selections Page for the auto you are occupying when injured.

If you are injured as a pedestrian or while occupying an auto you do not own and you have two or more Massachusetts auto policies which provide coverage at different limits, the policy with the higher limits will pay. If there are two or more policies which provide coverage at the same limits, we will only pay our proportionate share.
D. Who is covered on “your” policy and how does it work?

1. “Your” policy will provide coverage for “you” while occupying “your” auto, an auto “you” don’t own or if injured as a pedestrian

   - The only coverage “you” will receive is the coverage from “your” Mass Auto Policy
     a. If you are in an auto you don’t own, you cannot receive UM coverage from that policy...You must go back to your own policy
     b. If you are in an auto you don’t own, or if you are a pedestrian, and you have more than one policy, only the policy with the highest limits will apply
     c. You cannot “stack” limits

2. “Your” policy will provide coverage for “household members” while occupying “your” auto, an auto “you” don’t own or if injured as a pedestrian, except a “household member” who:

   a. has a Mass Auto Policy of his or her own, or...
   b. is covered by another “household member’s” Mass Auto Policy with higher limits than yours, or...
   c. is injured in or by an auto owned by the “household member” which does not have Mass compulsory auto insurance

3. “Your” policy will provide coverage for anyone else while occupying “your auto”, except anyone else who:

   a. has a Mass Auto Policy of his or her own, or...
   b. is covered by another “household member’s” Mass Auto Policy

4. “Your” policy will provide coverage for anyone else for damages he or she is entitled to recover because of injury to a person covered under this part
E. A few examples...

Your insureds, Mickey and Minnie, each have a vehicle in their own name. Mickey’s Ford has UM limits of $250,000/$500,000. Minnie’s Jeep has UM limits of $100,000/$300,000. Their daughter, Little Minnie (better known as Princess) has her own policy for a Saturn with UM limits of $50,000/$100,000. Their son, Little Mickey (aka Junior), has a license (much to Mickey and Minnie’s dismay!), but does not have a car of his own.

Please indicate what limits would apply in the following situations…

1. While driving the Jeep, Mickey is injured by an uninsured motorist and he has $200,000 in medical expenses.
   
a. $200,000 from the Ford
   
b. $100,000 from the Jeep and the remainder from the Ford.
   
c. $100,000 from the Jeep.
   
d. The Ford, the Jeep and the Saturn would share pro rata

2. Minnie is injured by an uninsured motorist while riding in Princess’s car. Her injuries amount to $150,000.
   
a. Her coverage will come from the Ford.
   
b. She will first receive $50,000 coverage from Princess’s policy and the additional $100,000 from the Jeep.
   
c. She will receive coverage only from Princess’s policy.
   
d. She will receive only $100,000 from the Jeep
3. Mickey is devastated by Minnie’s injury and is seeking compensation for emotional distress, loss of consortium and the money to hire someone to cook his meals and clean the house.

   a. Mickey’s UM coverage would respond
   b. Minnie’s UM coverage would respond
   c. Both Mickey’s and Minnie’s UM coverages would respond
   d. This is not compensable under UM coverage

4. Junior suffers $200,000 of injuries caused by an uninsured motorist while driving Princess’s car.

   a. Princess’s policy will pay up to $50,000 and then the limits on Mickey’s Ford will pay the rest.
   b. Coverage must only come from Princess’s policy.
   c. Since he does not have a policy of his own, Junior will be able to access all of the policies in the household.
   d. Coverage must only come from Mickey’s policy

5. Junior incurs $300,000 of injuries by an uninsured motorist while riding in Goofy’s car. Goofy is carrying minimum UM limits of $20,000/$40,000.

   a. Junior will only receive the $20,000 from Goofy’s policy.
   b. Junior will receive $20,000 from Goofy’s policy and then can access all of the policies in his household.
   c. Junior will only receive coverage from the Ford.
   d. Junior will receive $20,000 from Goofy’s policy and then receive the rest from Mickey’s policy
F. To summarize...No stacking UM

1. If “you” have a Mass Auto Policy in your name, “you” **must** go to that policy for UM coverage, whether injured in “your” auto, a non-owned auto or as a pedestrian. If “you” are injured in a non-owned auto or as a pedestrian and “you” have more than one policy, “you” will go to the policy with the highest UM limits.

2. If you do not have a Mass Auto Policy in your name, but another “household member” has one, you **must** go to the Mass Auto Policy in your household. If there is more than one policy in your household, you will go to the policy with the highest UM limits.

3. If there is **no** Mass Auto Policy in your household, you may then (and only then!) receive coverage from a non-owned auto which you are occupying which has Massachusetts Compulsory insurance.
II. Bodily Injury Caused by an Underinsured Auto (UIM)

A. Who is covered on "your" policy?

- It works exactly the same as UM (see summary on preceding page)

B. How does it work?

1. Unlike Uninsured Motorist Coverage, the at-fault party that hit you has Bodily Injury coverage, but their limit isn’t high enough to fully compensate you for your injuries that they caused

2. Your policy will pay the difference between what you are carrying for UIM limits and what the at-fault party is carrying for BI limits

Example

Someone runs into you and he is carrying BI limits of $25,000/$50,000. You are carrying UIM limits of $100,000/$300,000…What is the most your policy would pay if your injuries are more than $25,000?
C. A few more examples

1. Donald was carrying $20,000/$40,000 BI limits and he ran into Mickey, who was carrying $100,000/$300,000 UIM limits. Mickey’s injuries totaled $80,000. How will these policies respond?
   
a. Donald’s policy will pay $40,000 and Mickey’s policy will pay $40,000
   
b. Mickey’s policy will pay the entire $80,000
   
c. Donald’s will pay its limit of $20,000 first and then Mickey’s will pay $60,000

2. Daisy was also carrying $20,000/$40,000 BI limits and she ran into Minnie, who has $100,000/$300,000 UIM limits. Minnie’s injuries totaled $120,000. How will these policies respond?
   
a. Daisy’s policy will pay $20,000 and Minnie’s policy will pay its limit of $100,000
   
b. Daisy’s policy will pay $20,000 and Minnie’s policy will pay $80,000
   
c. Daisy’s policy will pay $20,000. Minnie’s policy will pay nothing because Daisy was at fault

3. Junior was driving Minnie’s car with $100,000/$300,000 UIM and was hit by someone who was carrying $100,000/$300,000 BI. Junior has $200,000 of injuries.
   
a. Each policy will pay its limit of $100,000
   
b. Minnie’s policy will pay the $200,000 and then seek reimbursement from the at fault person
   
c. Only the at-fault person’s policy will pay
III. To Stack or Not to Stack...That is the Question!

A. What is “Stacking”? 

1. Adding one “pot of money” (limit of coverage) onto another “pot of money”

2. What are some of these “pots” of money?
   
   a. A policy with more than one vehicle...Each vehicle has its own separate limits
   
   b. Two or more policies for the same named insured covering different vehicles insured with the same carrier
   
   c. Two or more policies for the same named insured covering different vehicles insured by different carriers
   
   d. Two or more policies for the same named insured covering the same vehicle
   
   e. An insured having a policy of their own, but occupying a non-owned auto
   
   f. Two or more policies in the same household owned by different “household members”
   
   g. Two or more policies in the same household covering a “household member” who is occupying an auto not owned by any other “household member”, or who is a pedestrian
B. **When can’t we stack?**

1. We cannot stack limits from multiple vehicles on the same policy

   This is the most we will pay as the result of a single accident no matter how many autos or premiums are shown on the Coverage Selections Page.

2. We cannot stack limits from two or more policies which you have with the same carrier

   You may have more than one policy with us covering the same accident. In that case, the most we will pay is the highest amount payable under the applicable coverage in any one of those policies...

3. We cannot stack PIP benefits from two or more policies with the same or different carriers

   If anyone covered under this policy is also entitled to PIP benefits from any other policy, the total benefits payable will not be more than the highest amount payable under whichever one of the policies would have paid the most. In that case, each insurer will pay only its proportionate share...

4. We cannot stack *any* UM/UIM limits (see previous discussions)
C. **When can we stack?**

1. The Mass Auto Policy follows you in non-owned autos for all coverages except Substitute Transportation and Towing & Labor. It will respond as excess (i.e. we can “stack” on top of any primary coverage available on the non-owned auto) for all other coverages except PIP, UM & UIM

   If someone covered under this part is using an auto he or she does not own at the time of the accident, the owner’s auto insurance must pay its limits before we pay. Then, we will pay…up to the limit shown on the Coverage Selections Page…for any damages not covered by that insurance…

2. When occupying an auto not owned or regularly used by “you” or a “household member”, we can stack BI and PD limits from all of the policies belonging to “household members” (including your own)!!

   *The policy tells us it will pay if…*

   …you or a “household member” is legally responsible for the accident…

   *All of the policies in the household have the same wording which grants coverage to any “household member”. It does not say we will not provide coverage if a “household member” has a policy of his or her own or is covered on someone else’s policy. It simply says…*

   … if the claim is covered by us and another auto policy, we will only pay our proportionate share of those damages not paid by the owner’s auto insurance.

   *Therefore, for smaller losses, each policy will pay on a proportionate share basis. For larger losses, every policy could pay until all limits are exhausted!!*