The Garage Policy vs. The Auto Dealer Form

sponsored by Phenix Mutual Fire Insurance Company
The Garage Policy

vs.

The Auto Dealers Form

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This material has been designed for use in training programs for insurance industry personnel. It is not intended to be used as a complete reference resource on the programs and coverages outlined herein.

The programs use “standard” policy forms and endorsements for the purposes of discussing the exposures to loss that may exist, some of the coverage options available to treat them, and to provide a framework for discussions with carriers you represent concerning the programs they have available.

Coverages, rules and materials presented during this program may differ from those used by individual insurance companies. Contact individual carriers for details about interpretations of their eligibility requirements, particular insurance contracts and rates.

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PREAMBLE

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations and include your spouse, if you are an individual. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V –Definitions.

Garage Form vs. Dealers Form

• Under the GCF, if a dealer were an individual, endorsement CA 99 18 - Individual Named Insured - Dealers Only would have been attached to include coverage with respect to a named insured’s spouse, if a resident of the same household.

• Since the ADCF is adding reference to spouses of individuals, endorsement CA 99 18 is no longer necessary and is being withdrawn.
"Garage Operations"—Covered "Autos"

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from "garage operations" involving the ownership, maintenance or use of covered "autos".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from "garage operations".

AUTO DEALERS POLICY

"Covered Auto Liability Coverage"

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos".

AUTO – “WHO IS AN INSURED”

The Auto Dealers Policy has separate “Who is an Insured” provisions for the auto and other than auto coverages. The Garage Policy had one “Who is an Insured” provision that combined both coverages. However, there is no change in the “who is the insured” provision for auto coverages.

AUTO – “EXCLUSIONS”

The Garage Policy has ONE exclusion section that applied to both the “covered auto” and “non-auto” coverages. The Auto Dealers Policy has separate exclusions for each separate coverage part.
**GARAGEKEEPERS**

**GARAGE POLICY**

3. Who Is An Insured

The following are "insureds" for "loss" to "customer's autos" and "customer's auto" equipment:

a. You.

b. Your partners (if you are a partnership), members (if you are a limited liability company), "employees", directors or shareholders while acting within the scope of their duties as such.

**AUTO DEALERS POLICY**

2. Who Is An Insured

The following are "insureds" for "loss" to "customer's autos" and "customer's auto" equipment:

a. You.

b. Your partners and their spouses, if you are a partnership, but only with respect to the conduct of your "auto dealer operations".

c. Your members, if you are a limited liability company, but only with respect to the conduct of your "auto dealer operations". Your managers are also "insureds", but only with respect to their duties as your managers.

d. Your "executive officers" and directors, . . . but only with respect to their duties as your officers or directors. Your stockholders are also "insureds", but only with respect to their liability as stockholders.

e. Your "employees", other than either your "executive officers" . . ., only for acts within the scope of employment by you or while performing duties related to the conduct of dealer operations".
## SECTION II – GENERAL LIABILITY

### GARAGE POLICY

#### SECTION II—LIABILITY COVERAGE

1. "Garage Operations”—Other Than Covered "Autos"

   a. We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies caused by an "accident" and resulting from "garage operations" other than the ownership, maintenance or use of covered "autos".

   **DEFINITION:**

   **GARAGE OPERATIONS**

   - Ownership, maintenance or use of **locations**
   - Portions of the **roads or other accesses that adjoin these locations**
   - Ownership, maintenance or use of the “autos” indicated as covered “autos”
   - All **operations necessary or incidental** to a garage business

### AUTO DEALERS POLICY

#### SECTION II – GENERAL LIABILITY COVERAGES

**A. Bodily Injury And Property Damage Liability**

   a. We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies caused by an "accident", and resulting from your "auto dealer operations" other than the ownership, maintenance or use of "autos".

   **DEFINITION:**

   **AUTO DEALER OPERATIONS**

   - Ownership, maintenance or use of **locations**
   - Portions of the **roads or other accesses that adjoin these locations**
   - All **operations necessary or incidental** to a garage business
EXCLUSIONS

**GARAGE POLICY**

**EXCLUSIONS:**
The auto-related exclusions have been moved to the Covered Autos Liability section, such as:
- Leased Autos
- Racing, and
- Pollution applicable to covered autos

There was no coverage for Damage to Premises rented to You.
Coverage was afforded by either:
- CA 25 10 - Damage To Rented Premises Liability Coverage
- CA 25 14 - Broadened Coverage

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**GARAGE POLICY**

**EXCLUSIONS:**

- Watercraft Or Aircraft

There was no coverage for Non-Owned Watercraft
Coverage was afforded by:
- CA 25 14 - Broadened Coverage - With respect to liability assumed under an “insured contract” for ownership, maintenance or use of watercraft

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**AUTO DEALERS POLICY**

**EXCLUSIONS:**

With respect to the exclusion:

→ The GCF's Care, Custody or Control Exclusion is updated to more closely track with the CGL Damage To Property exclusion,

→ Damage to rented premises, is incorporated

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**AUTO DEALERS POLICY**

With respect to the exclusion:

The Watercraft Or Aircraft exclusion is updated to reflect language (including the exclusion title) similar to the CGL's exclusion

The exceptions to this exclusion address the Non-Owned Watercraft Coverage
**EXCLUSIONS**

**GARAGE POLICY**

**EXCLUSIONS:**
- No liquor exclusion is included

There was no coverage for Liquor:
*Coverage was afforded by:*
  - CA 25 14 - Broadened Coverage

- No Personal or advertising exclusion is included

There was no coverage for PI & AI:
*Coverage was afforded by attaching an endorsement:*
  - CA 25 14 - Broadened Coverage
  - CA 25 08 – Personal Injury Liability - Garages

- No Medical Payments is included

There was no coverage for Medical Payments:
*Coverage was afforded by:*
  - CA 25 05 - Garage Locations And Operations Medical Payments Coverage

**AUTO DEALERS POLICY**

With respect to the exclusion:
- A Liquor Liability exclusion, comparable to the CGL,

- A Pi & AI exclusion is added for consistency with the CGL

- **BUT** - The insuring agreement is amended for consistency with the CGL by incorporating PI & AI – DIRECTLY INTO THE ADCF COVERAGE BASE

- The insuring agreement is amended for consistency with the CGL with respect to garage locations and operations medical payments directly into the base ADCF coverage form.
WHO IS AN INSURED:

b. The following are "insureds" for "garage operations" other than covered "autos":

(1) You.

(2) Your partners (if you are a partnership), members (if you are a limited liability company), "employees", directors or shareholders but only while acting within the scope of their duties.

The CA 25 14 – Broadened Coverage Endorsement added the categories addressed in the 2013 ADCF.

WHO IS AN INSURED:

D. Who Is An Insured

The following are "insureds" for General Liability Coverages:

1. You.

2. Your partners and their spouses . . .

3. Your members, if you are a limited liability company, but only with respect to the conduct of your "auto dealer operations". Your managers are also "insureds", but only with respect to their duties as your managers.

4. Your "executive officers" and directors, if you are an organization other than a partnership or limited liability company, but only with respect to their duties as your officers or directors. Your stockholders are also "insureds", but only with respect to their liability as stockholders.

5. Your "employees" . . .

6. Any "auto" dealership that is acquired or formed by you, other than a partnership or limited liability company, and over which you maintain ownership or majority interest . . .
Section III – ACTS, E&O

Acts, Errors and Omissions Liability Coverages

**GARAGE POLICY**

No coverage was included or provided by endorsement

**AUTO DEALERS POLICY**

This new coverage section is designed to **pay all sums that an insured becomes legally obligated to pay as damages because of an "act, error or omission" to which the insurance applies and arising out of the auto dealer operations**

**DEFINITION:**

An "act, error or omission", is defined as follows:

1. Failure to comply with any law or regulation concerning the disclosure of credit or lease terms
2. Failure to comply with any law or regulation concerning the disclosure of accurate odometer mileage
3. Any capacity as an insurance agent or broker in the offering, placement or maintenance of any "auto" physical damage, loan/lease gap, credit life or credit disability insurance sold in connection with the sale or lease of an "auto"
4. Defect in title
Section III – ACTS, E&O

EXCLUSIONS

**GARAGE POLICY**

No coverage was included or provided by endorsement

**AUTO DEALERS POLICY**

- Criminal, Fraudulent, Malicious, Dishonest Or Intentional Acts
- Bodily Injury, Property Damage, Or Personal And Advertising Injury
- Profit Gain
- Contractual
- Noncompensatory Damages
- Quality Or Performance Of Goods - Failure To Conform To Statements
- Recording & Distribution of Material or Information in Violation of Law
- Discrimination
- Bankruptcy or Insolvency

**Who Is An Insured**

This provision is similar to the Who is an Insured provision under Section II - General Liability Coverages.