



IN-DEPTH REVIEW OF COVERAGE ADDRESSING THE UNIQUE OPERATIONS OF A MOTOR CARRIER





AUTO LIABILITY SYMBOL - “ANY AUTO”

**THIS WEBINAR IS NOT FILED FOR STATE CE
AND IS A LEARNING OPPORTUNITY ONLY**



QUESTIONS

If you have any questions, please send an email to:
trs@mcief.org



POLICY WORDING

Auto Liability Insuring Agreement

A. 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 a **covered “auto”**.

THE SYMBOL

- What is a covered auto?
- The number listed in Item Two



CONSIDERATION

- For the policy to respond, the accident must be caused by an auto that meets the description of the symbol that defines a “covered auto”



ITEM TWO

SCHEDULE OF COVERAGES AND COVERED AUTOS

This policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those "autos" shown as covered "autos". "Autos" are shown as covered "autos" for a particular coverage by the entry of one or more of the symbols from the Covered Autos Section of the Business Auto Coverage Form next to the name of the coverage.

COVERAGES	COVERED AUTOS (Entry of one or more of the symbols from the Covered Autos Section of the Business Auto Coverage Form shows which autos are covered autos.)	LIMIT THE MOST WE WILL PAY FOR ANY ONE ACCIDENT OR LOSS	PREMIUM
LIABILITY		\$	\$
PERSONAL INJURY PROTECTION (or equivalent No-fault Coverage)		SEPARATELY STATED IN EACH P.I.P. ENDORSEMENT MINUS \$ DED.	\$
ADDED PERSONAL INJURY PROTECTION (or equivalent added No-fault Coverage)		SEPARATELY STATED IN EACH ADDED P.I.P. ENDORSEMENT.	\$
PROPERTY PROTECTION INSURANCE (Michigan only)		SEPARATELY STATED IN THE P.P.I. ENDORSEMENT MINUS \$ DED. FOR EACH ACCIDENT.	\$
AUTO MEDICAL PAYMENTS		\$	\$
UNINSURED MOTORISTS		\$	\$
UNDERINSURED MOTORISTS (When not included in Uninsured Motorists Coverage)		\$	\$



COVERED AUTO

- Policy will use numbers to tell what type of auto as it relates to the insured will require the policy to respond
 - These numbers will be shown in Item Two of the dec and documented
 - There has to be a number for all coverage needed
- The number (symbol) will have meaning – It defines the autos that are covered autos
- Insured must have the correct symbol to have coverage at time of accident for each coverage needed



CONSIDERATIONS

- Things unique to “truckers/motor carriers”
 - Government regulation
 - Registration
 - Financial responsibility imposed by federal and state governments
 - Insurance provider meets requirements
 - » Promise to protect the public including both owned and non-owned autos



CONSIDERATIONS CONT.

- If no coverage, then still could be an obligation to address damage to public because of the 91X filing, MCS90 endorsement or State Form E
 - These financial requirements do not provide coverage to insured (not even defense) but do obligate the insurance carrier to pay a judgment rendered
 - Financial responsibility obligates the insurance company who provides the proof to protect the public
 - If there is no coverage in policy if the accident was caused by a CMV – An auto 10,000 GVW or larger whether or not it is specifically described on the policy



PREMIUM CONSIDERATIONS

- Premium for exposure
 - Premium based on “auto”
 - Power units and trailers
 - That the motor carrier operates
 - » As part of their business and under their DOT#/MC#
 - » Owned or not



PREMIUM CONSIDERATIONS CONT.

- Verification of units used by the motor carrier
 - Underwriting to establish estimated premium at inception
 - Monitoring during term inspections/reports
 - End of term audit



INFORMATION FROM THE INSURED

- Owned
- Financial statement
 - Revenue - \$200,000 per unit
- Non-Owned
 - Leased
 - Finance company(ies)
 - Owner-operators
 - 1099



PUBLIC INFORMATION

- Safer – Information provided by motor carrier to government (150) updated biannually
- Units/Drivers/Mileage
 - 1 – 1 – 105,000
- Roadside Inspections
 - Unit serial# listed on inspections
 - Review before providing quotation
 - After initial inception, unit not on list/schedule
 - Why not?



61 – ANY “AUTO” – NO PROBLEM FOR INSURED

Symbol		Description of Covered Auto Designation Symbols
61	“Any” Autos	

- Only consideration if an auto accident happens to have coverage, was the damage done by an auto? – No need to list in policy for coverage – No requirement for insurance carrier to know about auto



CONCERNS WITH “ANY AUTO”

- “Autos”
 - A “land motor vehicle, trailer or semitrailer designed for travel on public roads”
 - No wheel requirement
 - Moped/PPA/PU/18-wheeler/72 wheels or more
 - Number of tires to meet state bridge laws for weight distribution



CONCERNS WITH “ANY AUTO” CONT.

- Personal exposure
 - Named insured
 - Individual
 - » PPA/Motorcycle, etc.
 - Other than individual
 - » If smaller unit
 - How used
 - Insured on another policy



LIABILITY – CA9954

- If only wanting to meet filing and MCS90 promises
 - *“Any auto 10,000 lb. GVW or larger”*
 - *“Only those ‘autos’ you lease, hire, rent or borrow 10,001 GVW or larger”*



FOR-HIRE INTERSTATE MOTOR CARRIERS INSURANCE PROVIDERS

- Typically will not provide “Any Auto”
- Why?
 - Motor carriers will not tell the truth
 - Too lazy to audit
- Difference between owned and non-owned
 - Owned
 - Known
 - Inspected
 - Verification of insurance to:
 - » Purchase/Finance
 - » Financial statement



OWNER-OPERATORS

- Easy to add to operation
 - Without insurance provider's knowledge
 - Original underwriting
 - Public information
 - IFTA
 - Inspections



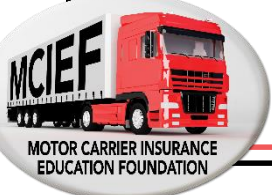
OWNER-OPERATORS CONT.

- During policy term
 - Real concern
 - Reporter
 - Inspection information
 - Difference between insureds that use only owned units vs. owner-operators



ANY AUTO UNDERWRITING CONSIDERATIONS

- Trust the insured to tell you about all units
 - Verification
 - Safer - Units/Miles
 - 105,000 good assumption
 - IFTA's
 - Intrastate
 - » Apportioned tags
 - Owner-operator has their own account verifying their miles
 - ELD's
 - Reflect all miles used by unit
 - » Access to ELD miles
 - Auto = Number of miles (105,000) = Premium per mile



FINANCIAL STATEMENT

- Income
 - Non-transportation
 - Transportation only
 - Fuel tax
 - Waiting time
 - Etc.
 - Is revenue per unit stable?
 - Depends on business operation
 - More problems with revenue based than mileage



AUDIT

- Monthly reporting
 - Addresses change in operation during policy term
 - Past history of stability (growth)
 - Purchased owned unit vs. owner-operators
 - Report monitoring
 - Miles/IFTA/ELD's
 - Units
 - Added or removed
 - “Covered auto”
 - If report is received timely and accurate



END OF YEAR AUDIT

- IFTA report during term
- Financial statement
 - Yes, even if premium is not based on revenue
- Unit reporter
 - Inspection verification



END OF YEAR AUDIT CONT.

- Deposit
 - 25%
- Premium paid monthly based on reporting factors
 - Review 10 days after month-end
- Minimum earned
 - Annual (80-90%)
 - Change in business environment
 - Change in use/review report
- Monthly minimum
 - Earned
 - Premium with annual adjustments



RECAP

- Any Auto – 61
- Any Auto 10,001 GVW or Larger – 71 – CA9954
- Premium base – Monthly reporter – Usage
 - Collect premium for exposure on a monthly basis
- Based on miles – IFTA, ELD or revenue
 - Premium base defined
- Coverage provided based on number of reported units
 - Monthly reporting for policy changes in units
 - Insured provides a list monthly
 - Add or remove – Owner-operators/independent contractors mainly



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