



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





AUTO LIABILITY SYMBOL – “SPECIFICALLY DESCRIBED 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?



SPECIFICALLY DESCRIBED AUTOS

- 67 – Specifically Described
 - Insured must understand they have to tell their insurance carrier about any units they are using

67	Specifically Described "Autos"	Only those "autos" described in Item Three of the Declarations of which a premium charge is shown (and for Liability Coverage any "trailers" you don't own while attached to any power unit described in Item Three).
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- If covered symbol is 67 then the vehicle involved in the accident must be scheduled in Item Three to meet the definition of covered auto – If not described, then not a covered auto at accident time



SPECIFICALLY DESCRIBED WILL BE USED FOR MOST POLICIES WRITTEN

- Small motor carriers
 - 85% of MC# holders have less than 5 power units
 - 90% have less than 20 power units
- Most insurance companies that insure for-hire interstate motor carriers provide coverage based on list of autos



CONCERNS

- MC# holders cannot operate without a filing (91X)
- DOT# if for-hire interstate motor carrier has an endorsement on the policy
 - MCS90
- Both protect the public if insured uses an auto in the operation/under authority that is not a covered auto (not specifically described)



VERIFICATION OF UNITS USED

- Miles – 100,000/105,000 = One Unit
 - Safer
 - IFTA
 - ELD
- Inspection
 - VIN#'s listed on roadside inspection 6-12 months before offering quotation
 - So must have all units inspected listed on policy unless confirmed with insured they no longer have
 - Sold/Lease cancelled



VERIFICATION OF UNITS USED CONT.

- After policy issue
 - Inspection monitoring
 - Unit inspected not on policy
 - Why not?



CONSIDERATIONS

- Specifically Described – 67
 - Non-fleet – Insured has less than 20 power units so then insurance carrier will require the auto to be listed to be a covered auto – Both owned and non-owned if the non-owned unit is being operated as part of the business of the insured/motor carrier



SCHEDULE OF AUTOS TO BE INSURED

- All units owned or leased must be scheduled
 - Covered auto
 - Number of units
 - Types of power units
 - »Tractor
 - »Straight truck
 - »Medium truck
 - »Trailer



VEHICLE SCHEDULE

- List – Vehicle schedule
 - For each specific vehicle list:
 - Year
 - Make
 - Model
 - 17 digit VIN



ITEM THREE

SCHEDULE OF COVERED AUTOS YOU OWN

Covered Auto No.	DESCRIPTION				PURCHASED			TERRITORY
	Year, Model, Trade Name, Body Type Serial Number (S) Vehicle Identification Number (VIN)				Original Cost New	Actual Cost & NEW (N) USED (U)		Town & State Where The Covered Auto Will Be Principally Garaged
1					\$	\$		
2					\$	\$		
3					\$	\$		
4					\$	\$		
5					\$	\$		
Covered Auto No.	CLASSIFICATION							
	Radius Of Operation	Business Use s=service r=retail c=commercial	Size GVW, GCW Or Vehicle Seating Capacity	Age Group	Primary Rating Factor		Secondary Rating Factor	Code
Liab.					Phy. Dam.			
1								
2								
3								
4								
5								



ITEM THREE

- Symbol 67 requires the auto to be listed in Item Three to be a covered auto
- Must be owned
 - If not, endorsement
 - CA9947 – Employee as Lessor
 - Owner of company – Owns auto – Personal and business use
 - CA2001 – Lessor – Additional Insured and Loss Payee
 - Long-term financial lease
 - CA9916 – Hired Autos Specified as Covered Autos you Own
 - Owner-operator/Independent contractors owned autos
- Must find out who owns the auto, schedule the named insured, then endorsement



CONSIDERATIONS

- Symbols
 - Specifically Described
 - If Specifically Described and was not listed in Item Three – Possibly no coverage
 - But could be if
 - Newly acquired (if owned) – Not owner-operator
 - Temporary substitute (if not owned) or owner-operator
 - Hired and hired coverage provided, then even if not listed still could be a covered auto



BEGINS WITH – WHAT IS A COVERED AUTO?

- If a covered auto must be described in Item Three, the owner-operator/independent contractor's unit will be described in Item Three and Endorsement CA9916 added to convert the non-owned auto to be an owned auto
- Coverage provided to owner (owner-operator/independent contractor) on a primary basis as long as auto is leased and being used by the insured



CONCERNS WITH NEWLY ACQUIRED

- Agent gets a call from insured
 - Just had a crash – Unit is not on policy because I just bought it, using it or any other reason
 - Do I have coverage?
- Agent responds
 - I do not know – I will turn in a claim
 - You can explain to adjuster
 - If there is a problem, call me



POLICY WORDING

- C. CERTAIN TRAILERS MOBILE EQUIPMENT AND TEMPORARY SUBSTITUTE AUTOS
If Liability coverage is provided by this Coverage Form, the following types of vehicles are also covered “autos” for Liability Coverage.
3. Any “auto” you do not own while used with the permission of its owner as a temporary substitute for a covered “auto” you own that is out of service because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing’
 - d. “Loss”; or
 - e. Destruction



TEMPORARY SUBSTITUTE AUTOS

- Modify the request to be described in Item Three
- Unit out-of-service must be “owned”
 - If non-owned endorsements become a factor
- Unit used must not be owned
 - Not owner-operator
- Liability only – No physical damage
- How long will the temporary substitute be considered a covered auto?
 - No time limit – As long as covered unit is out-of-service
 - But proof to leasing company might have a time limit



POLICY WORDING

OWNED AUTOS “YOU” ACQUIRE AFTER THE POLICY BEGINS

2. But if symbol 67 is entered next to a coverage in ITEM TWO of the Declarations, an “auto” you acquire will be a covered “auto” for that coverage only if:
 - a. We already cover all “autos” that you own for that coverage or it replaces an “auto” you previously owned that had that coverage; and
 - b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage



CONCERNS WITH NEWLY ACQUIRED

- Only acquired after policy inception
 - Not owner-operator
- How many small motor carriers can “acquire” a new power unit without proof of insurance?
 - Exposure when they can
 - Wrecked to repair
 - Take over payments
 - Then 30 days concern



CONSIDERATIONS

- Smaller risks will typically be required to list all vehicles for which coverage is desired – This will include all owned and leased vehicles
 - Because proof of financial responsibility is required by the government, the insurance carrier is responsible to pay a judgment caused by an auto operated by the insured even if not a “covered” auto
 - Unit must be listed to be a covered “auto”
 - Verification of units used – Inspection reports in Safer



CONSIDERATIONS CONT.

- If not covered auto
 - 91X/MCS90
 - Protect the public
 - No coverage for insured



CONSIDERATIONS CONT.

- Covered autos required to be scheduled – Most commonly used for small risks
 - Specified – 67 – Must be found in policy at time of loss or no coverage (maybe not even 30 days for newly acquired) – Auto must be considered an owned auto to be specified in Item Three of the forms
 - No problem if insurance agent takes time to explain the requirements and that the insured understands and remembers – “Do not operate a truck until you call me!!”
 - Filings and MCS90 have no requirements for autos to be scheduled in policy to make insurance carrier responsible to protect the public – The insurer does have a reimbursement provision – Is it collectible?



QUESTIONS

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