



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





WHO IS OUR INSURED?

**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

Vicarious 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. 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.



COMPANY NAME

PRODUCER NAME

ITEM ONE

NAMED INSURED _____

MAILING ADDRESS _____

POLICY PERIOD: From _____ to _____
12:01 A.M. Standard time at your mailing address shown above.

FORM OF BUSINESS:

_____ CORPORATION _____ LIMITED LIABILITY COMPANY
_____ PARTNERSHIP _____ OTHER _____
_____ INDIVIDUAL

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.



CONSIDERATIONS

- Any and all legal entities listed on Item One of the Declarations will be considered a “you”
- Only list the entity whose legal assets will be exposed in a suit/claim



CONSIDERATIONS CONT.

- Make sure tax ID number name is correct
- Check state records to see if entity is properly listed and is “active”



CONSIDERATIONS CONT.

- The business/motor carrier (Named Insured) whose assets are exposed to loss when accident happens
- Understand how the motor carrier's business is set-up and make sure Item One has the "right" named insured



CONSIDERATIONS CONT.

- The “you” in the policy will be protected by policy – This is the “business”
 - All others get protection from the “Who Is An Insured” provision in policy
 - Who owns business?
 - Who owns autos being insured by endorsement?
 - Individual
 - Proprietor – DBA

_____ DBA _____



CONSIDERATIONS CONT.

- Proprietors/individuals are a concern because of possible personal exposure brought under the coverage
- Other than individual, no need to name the owner of the business on Named Insured line (Item One) – There is protection for exposure for the owner of the business already in the form



CONSIDERATIONS CONT.

- Partnership

_____ and _____ DBA _____

Who is the first named insured?

Obligation under form to deal with the first named insured

_____ a Partnership

- Organization – Corporation (Inc.)

_____ Inc.

- Limited Liability Company

_____ LLC – Same considerations as corporation



CONSIDERATIONS CONT.

- Take time to find out who the you is and how the you has set themselves up to do business
- No need to name an individual on dec because of their ownership of the business – The form already provides coverage
- Saves a lot of problems later and E&O possibilities



LIMIT PERSONAL EXPOSURE

- Symbols
 - Autos that are covered autos
 - Personal exposure
 - Specified (7,67)
 - If PPA listed, then personal exposure
 - » Suggest not to provide coverage for a personal auto on a commercial policy
 - Policy set-up
 - Any/Hired Auto



LIMIT PERSONAL EXPOSURE CONT.

- Any (1,61)/Hired (8,68)
 - Individual listed on Item One?
 - Tom Ruke dba Ruke Trucking
 - Tom and Joe dba T&J Trucking



LIMIT PERSONAL EXPOSURE CONT.

- Individual on Item One
 - Rents a moped
 - »Personal use
 - Rents a car
 - »Personal use



LIMIT PERSONAL EXPOSURE CONT.

- Why would any person own an 18-wheeler in their personal name?
 - Risk all personal assets
- Never offer Any/Hired Auto if an individual is listed on Item One
 - CA9954
 - Any auto 10,000 GVW or larger
 - “Only those “autos” you lease, hire, rent or borrow 10,000 GVW or larger



CONSIDERATIONS

- Who government gives permission to operate on a highway
 - Name DOT# is in
 - Haul any property in interstate commerce
 - Name MC# is in
 - Haul processed goods of others
 - Could be different



CONSIDERATIONS CONT.

- 91X filing/Form E filing
 - Must be in name the insured gave to the government
 - Could it be different than the tax ID#
 - Tom Ruke dba Ruke, Inc.
 - Ruke, Inc. improperly set-up
 - But government name includes Tom Ruke
 - Concerns



CONSIDERATIONS CONT.

- Help insured understand to be careful when setting up their business so that personal or other assets are not exposed when/if a crash happens



POLICY WORDING

- G. “Insured” means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or “suit” is brought.



POLICY WORDING CONT.

BUSINESS AUTO

1. Who Is An Insured

The following are "insureds":

- a. You for any covered "auto".
- b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:

MOTOR CARRIER

1. Who Is An Insured

The following are "insureds":

- a. You for any covered "auto".
- b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:



POLICY WORDING CONT.

- (1) The owner or anyone else from whom you hire or borrow a covered "auto".

This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.

- (2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.
- (3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.
- (4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company) or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".
- (5) A partner (if you are a partnership) or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.

- (1) The owner or any "employee", agent or driver of the owner, or anyone else from whom you hire or borrow a covered "auto".
- (2) Your "employee" or agent if the covered "auto" is owned by that "employee" or agent or a member of his or her household.
- (3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.
- (4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company), a lessee or borrower of a covered "auto" or any of their "employees", while moving property to or from a covered "auto".
- (5) A partner (if you are a partnership), or member (if you are a limited liability company), for a covered "auto" owned by him or her or a member of his or her household.



POLICY WORDING CONT.

c. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

e. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.



WHO IS AN INSURED

- All three forms – BA, MCCF and TR (no longer supported by ISO but a few carriers still use)
 - a. You – Named on dec sheet
 - b. Anyone else who has permission from the you
 - c./e. Insured's customers or owners of the legal entity that is the insured – Anyone for their vicarious liability
- Review the white paper, Brokers and Shippers – The Insurance Sugar Pill, at mcief.org



WHO IS AN INSURED CONT.

- But the difference is how owners of non-owned covered autos are provided protection
 - Owners of non-owned covered “autos”
 - BA – All owners of non-owned covered autos
 - Not an insured without endorsement



WHO IS AN INSURED CONT.

- MC – All owners of non-owned covered autos plus “employees” or agent – Not an insured without an endorsement
 - » However, under certain conditions – The written contract
 - » Motor Carrier Form provides coverage for owner of
 - c.Trailers/d. Power units
 - » When non-owned covered auto is being used by a motor carrier, then the owner could become an insured on the motor carrier’s auto insurance policy while the motor carrier is using the non-owned auto under the MCCF
 - MC – Written agreement



ITEM THREE

Schedule Of Covered Autos You Own

Covered Auto Number:		
Town And State Where The Covered Auto Will Be Principally Garaged:		
Covered Auto Description		
Year:	Model:	Trade Name:
Body Type:		Serial Number(s):
Vehicle Identification Number (VIN):		



ITEM THREE CONT.

- Must be owned to be listed in Item Three – If not owned need endorsement
 - CA9916 – Owner-operator/Independent contractor
 - CA2001 – Leasing companies
 - CA9947 – Owned personally by owner of insured
- Monitoring the auto being inspected
 - If reported that an auto inspected under the insured's DOT# and not listed on the policy – Then what?
- Insureds using an auto not listed on policy and the insurance provider does not know about it will typically be an owner-operator/independent contractor leased unit



GENERAL LIABILITY COVERAGE

- “You” – Same considerations
 - Entity listed on dec
 - Who qualifies in the Who Is An Insured provision



GL EXAMPLE

- Insured
 - Tommy Ruke dba Tom's Trucking
 - An individual
 - Who is the legal entity?



GL EXAMPLE CONT.

- GL policy – Named insured – Tom Ruke dba Tom's Trucking
 - Tom has a son
 - Tom buys a lawnmower and on weekends he and his son mow yards
 - Tom bills in name of Tom's Lawn Mowing Tommy Ruke DBA
 - When doing so, rock kicks up and damages someone's eye
 - » Will the GL policy covering Tom's Trucking address the damage done by the rock while mowing yards for Tom's other business, Tom's Lawn mowing?



COVERAGE AND PREMIUM CONSIDERATIONS

“POLICY WORDING”

SECTION II – WHO IS AN INSURED

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, 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. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
 - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees",



COVERAGE AND UNDERWRITING CONSIDERATIONS

- Conduct of any business when the “you” is a sole owner – An individual
 - Spouse also an insured
- Why would an insured still be an individual?



COVERAGE AND UNDERWRITING CONSIDERATIONS CONT.

- All others that are not individuals – Protection limited to the activities of/or on behalf of the legal entity
 - But only with respect to the conduct of your business
 - Respect to their duties
 - Within the scope of their employment
- All owners and managers are automatically covered and no need to name on dec
- Do not add individual to named insured line unless the insured is an individual and encourage them to change to LLC or corporation



POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 21 44 04 17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION OF COVERAGE TO DESIGNATED PREMISES, PROJECT OR OPERATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Premises:

Motor carrier/Insured address

Project Or Operation:

Operating as an interstate motor carrier/as a motor carrier/within
the Trucker Classification

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

CONCLUSION

- Take time to make sure the name on Item One is the entity that owns the assets
- Only list the operating entity
 - Concern when individuals are on Item One



CONCLUSION CONT.

- Understand who qualifies as an insured
 - Starting with the “you”
 - Permissive user
 - Vicariously liable
 - Blanket additional insured
 - Owner of units listed in Item Three considerations/endorsements



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