

# BAP Coverage Symbols: Thar's Gold in Them Thar Numbers

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# Secrets Within BAP Coverage Symbols

# Overview of ISO BAP Coverage Symbols

Section I.A. of the BAP defines which autos are granted coverage based on the applicable **Coverage Symbols**

ISO developed and utilizes 10 primary coverage symbols divided into three categories:

- **General Purpose Symbols (5)**: Are or can be used to trigger liability, physical damage and other coverages
- **Statutory Symbols (2)**: Reserved for and used only when statute requires specific coverage be provided
- **Special Purpose Symbols (3)**: Generally used in combination with other symbols to extend protection in “special” or unique circumstances, and often in an attempt to “build” protection for the named insured or other insureds

# General Purpose Symbols

The five general purpose symbols are:

- Symbol 1: Any "Auto"
- Symbol 2: Owned "Autos" Only
- Symbol 3: Owned Private Passenger "Autos" Only
- Symbol 4: Owned "Autos" Other Than Private Passenger "Autos" Only
- Symbol 7: Specifically Described "Autos"

# Symbol 1: Any Auto - The “King” of All Symbols

- “Any,” as provided in Symbol 1, contains NO limitations and no other symbol required for that coverage (does not need to be combined)
  - Owned (Long-term lease)
  - Non-Owned
  - Hired
  - Borrowed
- The only limitations on coverage for an *Any Auto* are the policy exclusions
- If an insured is held legally liable for injury arising out of the ownership, maintenance or non-excluded use of an auto, the BAP provides coverage
- Symbol “1” is almost exclusively a liability coverage symbol.
- Includes liability coverage for non-owned trailer attached to the vehicle

# Symbol 2: Owned Autos Only

- Symbol 2 is used to extend coverage to every vehicle the insured **owns** - regardless of type
- The auto is not required to be listed in the auto schedule to have coverage
- This symbol can be and often is used to extend both liability and physical damage coverage
- If the underwriter does not or will not allow Symbol 1 for liability coverage, Symbol 2 (combined with two other symbols) is a good substitute
- When Symbol 2 is used for liability coverage, coverage extends to non-owned trailers attached to the covered vehicle

# Symbol 3: Owned Private Passenger Autos Only

- Use of this symbol limits protection to only private passenger autos (PPAs) owned by the insured
- ISO defines a private passenger auto as a four-wheel auto:
  - Of the private passenger or station wagon type
  - A pickup, panel truck, van or sports utility vehicle (SUV)

**Not used for business**

# Symbol 3: Owned Private Passenger Autos Only (Continued)

**Business Use** in business auto coverage is defined and divided into three sub-categories (these use classes are also used for rating purposes):

- **Service Use:**
  - Autos used for transporting the insured's personnel, tools, equipment and incidental supplies to or from a job location
  - This classification is confined to autos principally parked at job locations for the majority of the working day or used to transport supervisory personnel between job locations
- **Retail Use:** Autos used to pick up property from, or deliver property to, individual households
- **Commercial Use:** Autos used for transporting property other than those autos defined as service or retail Aka: Public or Livery Conveyance

## Symbol 3: Owned Private Passenger Autos Only (Continued)

If the vehicle, even though a PPA, is used for any of the **Business Use** activities, Symbol 3 is not the proper Coverage Symbol

An example of a PPA designed for Symbol 3 could include a company-owned vehicle used to go to and from meetings with clients or for other non-business-class uses

Symbol 3 does **not** explicitly extend liability coverage to non-owned trailers attached to the covered vehicle. This is different than all other General Purpose Symbols

# Symbol 4: Owned Autos **Other Than** Private Passenger Autos Only

Symbol 4 extends coverage to only those autos owned by the insured that are considered “other than private passenger autos” such as trucks (light, medium, heavy and extra-heavy) - and PPAs where the vehicles use falls into one of the **Business Use** classes

In addition to the vehicle, Symbol 4 extends protection to any non-owned trailer while attached to a vehicle protected under this symbol

# Symbol 7: Specifically Described Autos

Sometimes the Underwriter's prerogative

Use of this symbol limits coverage only to those autos specifically listed (scheduled) in the policy

If the auto is not scheduled, there is no coverage

Newly acquired autos are subject to specific restrictions and only a short period of "automatic coverage."

- Newly acquired autos are granted automatic coverage for only 30 days and **only if:**
  - The insurance carrier already insures **all** the insured's vehicles, or
  - The new vehicle is a replacement for an existing auto

# Symbol 7: Specifically Described Autos (Continued)

If the insurance carrier does not insure all the vehicles and the new vehicle is in addition to the current schedule, there is no automatic coverage for the vehicle

The new vehicle is **not** covered until the insurer is notified of its existence

# Symbol 7: Specifically Described Autos (Continued)

In addition to the vehicle, Symbol 7 extends protection to any non-owned trailer while attached to a vehicle protected under this symbol

Symbol “7” is often limited to physical damage protection, but some carriers may use Symbol 7 for all coverages – including liability

Again - Underwriter's prerogative

# Statutory Symbols

- Symbol 5 – Owned “Autos” Subject to No-fault
- Symbol 6 – Owned “Autos” Subject to a Compulsory Uninsured Motorists Law

# Symbol 5: Owned Autos Subject to No-Fault

- Nearly half of the states in the US have no-fault laws
- This symbol is used when personal injury protection (no-fault) protection is required
- No-Fault laws vary by jurisdiction

# Symbol 6: Owned Autos Subject to a Compulsory Uninsured Motorist Law

- Symbol 6 is used when the insured owns an auto this is either licensed in or principally garaged in a state where uninsured motorist (UM) is required and cannot be rejected
- There are 22 Compulsory UM states; and 14 of those are compulsory underinsured motorist (UIM) states
- If the insured is located in a non-compulsory UM state, any “general purpose” symbol (other than “1”) can be used to extend UM and UIM protection
- If the insured has autos in both compulsory and non-compulsory states, these symbols can be combined (for example, 2 and 6 can be used)

# “Special Purpose” Symbols

- Symbol 8 – Hired “Autos” Only
- Symbol 9 – Non-owned “Autos” Only
- Symbol 19 – Mobile Equipment Subject to Compulsory or Financial Responsibility or Other Motor Vehicle Insurance Law Only

# “Special Purpose” Symbols

- Symbol 8 – Hired “Autos” Only
  - Symbol 9 – Non-owned “Autos” Only
  - Symbol 19 – Mobile Equipment Subject to Compulsory or Financial Responsibility or Other Motor Vehicle Insurance Law Only
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- Rarely are any of these Special Purpose Symbols used alone - though they can be
  - Special Purpose Symbols are generally used in combination with other symbols to extend protection in “special” or unique circumstances, and often in an attempt to “build” protection for the named insured or other insureds

# Symbol 8: Hired Autos Only

- Symbol 8 extends coverage to autos leased, hired or borrowed by the **named insured**
- Protection provided by Symbol 8 **does not** extend to the named insured's use of a vehicle owned by an employee, partner, member, or any member of these person's households

# Symbol 9: Non-Owned Autos Only

Symbol 9 extends coverage to autos **NOT** owned, leased, rented, or borrowed by the named insured

For coverage to exist, these non-owned autos must be used **in connection with** the named insured's business

An example of a non-owned auto picked up by this coverage symbol is an auto owned by and used by an employee to conduct business on behalf of the named insured

# Comparing Symbols 8 and 9

	Symbol 8 – Hired Auto	Symbol 9 – Non-Owned Auto
<b>Who <u>owns</u> the Auto:</b>	Any person or entity <b>other than</b> the “You,” an employee, partner, member, or members of these persons’ households.	Any person or entity other than the “You.” Can be owned by an employee, partner, member, or members of these persons’ households.
<b>Who leases, hires, rents or borrows the auto (“hired”):</b>	The “You”	Someone other than the “You.” This can include an employee “hiring”/renting the auto in his/her personal name.
<b>Who can drive / is driving the auto:</b>	The “You,” any authorized employee, or any other person authorized by the insured.	The “You.” The employee who “hired” or owns the auto. Any other person allowed by the owner of the vehicle.
<b>Allowable purpose</b>	No limitation on purpose of use; only requires that the auto be hired by the You (the named insured).	Must be used in connection with the “You’s” (named insured’s) business.
<b>Who is Covered</b>	The “You;” permissive users (subject to policy exclusions); and others liable for the conduct of an insured.	The “You.” (If CA 99 33 is attached, the employee is covered.)
<b>Primary or Excess Coverage</b>	Primary if required by an “insured contract.” Excess if no contract.	Excess

# Is Symbol 19 Necessary?

Short answer – No!

Why? “Dovetailing” of two definitions:

- Definition of “Auto”
- Definition of “Mobile Equipment”

When might Symbol 19 be needed?



# “Unacceptable” Drivers and/or Autos Symbol Problems

Two options often used by underwriters:

1. Exclude the driver

Is this even allowed?

- Yes in 40 states and DC
- No in 10 states

2. Request the driver and one vehicle be placed on a separate policy

Coverage problems with Symbol 7

# Business Auto – Excluded Vehicles

Still a way to get “Any Auto” even if a vehicle is excluded!

CA 99 40-Exclusion or Excess Coverage Hazards Otherwise Insured

# Why $2+8+9 \neq 1$

- Symbol 9 (Non-Owned Autos) extends protection to only those vehicles used **in “connection”** with the “You’s” business.
- Symbol 9 extends protection for an employee-owned auto only when the vehicle is being used for the “You’s” business or personal affairs

# Coverage Symbol Limitation

- Protection provided by the selected Symbols in the unendorsed BAP applies to **defined** “Autos” only.
- Endorsements to “fix” or “adjust” the “Auto”-only limitation:
  - CA 04 45 – Golf Carts and Low Speed Vehicles (*Vehicles are scheduled*)
  - CA 20 15 – Mobile Equipment (*Vehicles scheduled. Used for vehicles not qualifying under Symbol 19.*)
  - CA 20 21 – Snowmobiles (*Scheduled on endorsement*)



# The “Name It & Claim It” Symbol

## **CA 99 54 - Covered Auto Designation Symbol**

This endorsement allows the named insured to specify coverage



# Trailers, Trailers Everywhere – But Which Policy Provides Coverage



# Key Personal Auto Policy (PAP) Terms and Conditions

# Key PAP Definitions

## **“Your Covered Auto”:**

1. *Any vehicle shown in the Declarations;*
2. *A "newly acquired auto" (subject to specific requirements)*
3. *Any "trailer" you own* (basically, for liability purposes an owned trailer does not have to be listed on the policy); or
4. *Any auto or "trailer" you do not own while used as a **temporary substitute**....*

# Key PAP Definitions

**“Trailer”**: a vehicle designed to be pulled by a:

1. Private passenger auto; or
2. Pickup or van.

*It also means a farm wagon or farm implement while towed by a vehicle listed in **1.** or **2.** above.*

# Key PAP Definitions

B. "Insured" as used in this Part means:

1. You or any "family member" for the ownership, maintenance or use of **any** auto or **"trailer"**.
2. Any **person** using **"your covered auto"**.
- ~~3. For "your covered auto", any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.~~
- ~~4. For any auto or "trailer", other than "your covered auto", any other person or organization but only with respect to legal responsibility for acts or omissions of you or any "family member" for whom coverage is afforded under this Part. This provision (B.4.) applies only if the person or organization does not own or hire the auto or "trailer".~~

# Key PAP Terms and Conditions

## **Other Insurance**

*If there is other applicable liability insurance, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. **However**, any insurance we provide for a vehicle **you do not own**, including any vehicle while used as a temporary substitute for "your covered auto", shall be **excess** over any other collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this Policy.*



# Key Business Auto Policy (BAP) Terms and Conditions

# Key BAP Definition

B. "Auto" means:

1. A land motor vehicle, "**trailer**" or semitrailer designed for travel on public roads

# Key BAP Definition

## 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:***

# Key BAP Conditions

Exceptions to...

## 1. Who Is An Insured

The following are "insureds":

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

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. **???? – No exception**

# Key BAP Conditions

## 5. Other Insurance

- a. For any covered "auto" you own, this Coverage Form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. **However, while a covered "auto" which is a "trailer"** (depending on the symbol used) is connected to **another vehicle**, the Covered Autos Liability Coverage this Coverage Form provides for the "trailer" is:
  - (1) **Excess** while it is connected to a motor vehicle you do not own; or
  - (2) **Primary** while it is connected to a covered "auto" you own.
- c. Regardless of the provisions of Paragraph a. above, this Coverage Form's Covered Autos Liability Coverage is primary for any liability assumed under an "insured contract".
- d. ~~When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.~~

# Individual Owns Vehicle and Trailer

## Individual Owns Vehicle but NOT the Trailer



# PAP Insured Pulling Business-Owned Trailer



# Business Entity Owns the Vehicle - Trailer Ownership Variable





# Liability Coverage for Trailers: Primary and Excess Protection

Vehicle Owner	Trailer Owner	Primary Coverage	Excess Coverage
Individual "A" (PAP)	Individual "A" (PAP)	Owner's (Individual "A")	
Individual "A" (PAP)	Individual "B" (PAP)	Trailer Owner (Individual "B") (1)	Vehicle Owner (Individual "A") for "A's" liability only.
Individual "A" (PAP)	Business Entity "A" (BAP)	Both are Excess - Share the Loss (2) (3)	
Business Entity (4) (BAP)	Individual (non-employee) (PAP)	Vehicle Owner (Business Entity "A") – for both	Trailer owner – for both (vicarious liability to Business)
Business Entity (4) (BAP)	Employee (PAP)	Vehicle Owner (Business Entity "A") – for just the business due to employee exclusion	Trailer owner – for both (vicarious liability to Business) (5)
Business Entity "A" (4) (BAP)	Business Entity "A" (BAP)	Vehicle Owner (Business Entity "A") – Depends on Capacity and the Symbol (6)	
Business Entity "A" (4) (BAP)	Business Entity "B" (BAP)	Vehicle Owner (Business Entity "A") (1)	Trailer Owner (Business Entity "B") (2)



# Footnotes for Spreadsheet

- (1) When a PAP covers a trailer, the PAP on the trailer is primary. Insurance follows the vehicle (trailer). However, this applies only if a “natural person” owns the vehicle pulling the trailer. When a vehicle owned by a “legal person” is pulling the trailer, the BAP is primary and the PAP is excess.
- (2) This can be altered by contract. The trailer owner can contractually agree to provide coverage on a primary basis. If this is done contractually (via an “insured contract”), the trailer owner’s BAP is primary.
- (3) The PAP and BAP share the loss based on limits available. For example, BAP \$1 M and PAP \$100/\$300 and two or more people are injured. The BAP pays 77% of the loss, the PAP pays 23%. If one person is injured, the BAP pays 91% and the PAP pays 9%.
- (4) Anytime a business entity owns the power unit, its coverage (the BAP for the power unit) is primary when a non-owned trailer is attached due to the Symbol definitions. Symbols 1, 2, 4 and 7 all state that a non-owned trailer attached to the insured unit are covered autos. Symbol 9 also covers non-owned trailers. This order of protection can be altered by an “insured contract” as referenced in (2) above.
- (5) BAP carrier may be able to subrogate against the employee if he/she is liable for the injury/damage. For instance, failure to properly maintain the trailer causes the injury/damage. Can be “fixed” by attaching the Employees as Insured Endorsement (CA 99 33).
- (6) If the trailer has a capacity of 2,000 pounds or less – automatically covered regardless of the symbol and whether or not listed. If capacity is greater than 2,000 pounds – the trailer must be listed for premium purposes and automatic coverage depends on the symbol:
  - Symbols 1, 2 and 4 – does not have to be listed if acquired during the policy period (but must be listed at renewal or is considered concealment or misrepresentation of a material fact).
  - Symbol 7 – the insured has 30 days to notify, if the carrier insures all the insured’s vehicles.

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