

KAIA
Kansas Association of Insurance Agents

Does Personal Auto Coverage Follow the Car – Or the Driver?

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Insurance professionals who routinely work in personal lines are asked a particular question time and time again – “Does my personal auto coverage follow the car – or the driver?” This question sounds simple enough, but its answer varies from ‘yes’ to ‘no’ to ‘maybe’.

This presentation will take participants through the four coverage parts of the Personal Auto Policy in pursuit of answers - based upon specific situations.

Careful review of definitions, Insuring Agreements, “insured” status, exclusions and policy provisions will be our basis of determining our final answer – on a case-by-case basis.



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• Declarations and Definitions in the ISO Personal Auto Policy

• Definition of “you” & “your”

DEFINITIONS
A. Throughout this Policy, “you” and “your” refer to:
1. The named insured shown in the Declarations; and
2. The spouse if a resident of the same household.
If the spouse ceases to be a resident of the same household during the policy period or prior to the inception of this Policy, the spouse will be considered “you” and “your” under this Policy but only until the earlier of:

- The end of 90 days following the spouse’s change of residency;
- The effective date of another policy listing the spouse as a named insured; or
- The end of the policy period.

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**Does Personal Auto Coverage Follow the Car or the Driver?
Review of the Insuring Agreement Found In Part A-Liability Coverage**

- Who makes the promise?
- For what?
- To whom?
- What conditions must be met?
- Who is afforded the consent to settle?
- How is defense addressed?
- What is required to make this promise successful?

**PART A – LIABILITY COVERAGE
INSURING AGREEMENT**

A. We will pay damages for "bodily injury" or "property damage" for which any "insured" becomes legally responsible because of an auto accident. Damages include prejudgment interest awarded against the "insured". We will settle or defend, as we consider appropriate, any claim or suit asking for these damages. In addition to our limit of liability, we will pay all defense costs we incur. Our duty to settle or defend ends when our limit of liability for this coverage has been exhausted by payment of judgments or settlements. We have no duty to defend any suit or settle any claim for "bodily injury" or "property damage" not covered under this Policy.

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Overview – Does Part A – Liability Coverage Follow the Car or the Driver?

- Definition of "insured"
 - "Insured" definition differs from coverage part to coverage part
- In Part A-Liability "insured" status exists for
 - You or any "family member" for the ownership, maintenance or use of any auto or "trailer"
 - Any person using "your covered auto"
 - Others – when "your covered auto" is involved
 - Others – when any auto or "trailer" other than "your covered auto" is involved
 - "Insured" status **WOULD NOT** exist for the owner or party that hired the auto or "trailer"

DEFINITIONS

I. "Trailer" means 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.

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PART A – LIABILITY COVERAGE

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".

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Overview – Does Part A – Liability Coverage Follow the Car or the Driver?

Important Liability exclusions that affect "insureds"

- We do not provide Liability Coverage for any "insured"
 - Intentional BI or PD
 - PD to property owned or being transported by that "insured"
 - PD to property rented to, used by, or in the care of that "insured"
 - Exception – PD to a residence or private garage
 - BI to an employee
 - Exception – BI to a domestic employee unless workers' compensation benefits are required or available for that domestic employee

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Overview – Does Part A – Liability Coverage Follow the Car or the Driver?

Important Liability exclusions that affect “insureds”

- We do not provide Liability Coverage for any “insured”
 - Public or livery conveyance – including when using a “transportation network platform”
 - Exceptions – Car pool and volunteer/charitable purposes
 - “Insureds” in an auto business
 - Any other business use
 - Does not apply to use of a private passenger auto, pickup, van or “trailer”

DEFINITIONS

L. “Transportation network platform” means an online-enabled application or digital network used to connect passengers with drivers using vehicles for the purpose of providing prearranged transportation services for compensation.

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Overview – Does Part A – Liability Coverage Follow the Car or the Driver?

Important liability exclusions that affect “insureds”

- We do not provide Liability Coverage for any “insured”
 - Using a vehicle without a reasonable belief of entitlement
 - This exclusion does not apply to a “family member” using a “your covered auto” which is owned by you
 - For an “insured” under a nuclear energy liability policy
 - While “your covered auto” is being used while enrolled in a vehicle sharing program and being used by anyone other than you or a “family member”



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Overview – Does Part A – Liability Coverage Follow the Car or the Driver?

Important liability exclusions that affect vehicle types and/or uses

- We do not provide Liability Coverage for the ownership, maintenance or use of
 - Any vehicle which
 - Has fewer than four wheels
 - Is designed mainly for use off public roads
 - This exclusion does not apply while such vehicle is being used by an “insured” in a medical emergency
 - This exclusion does not apply to any “trailer”
 - This exclusion does not apply to any non-owned golf cart
 - Any vehicle other than “your covered auto” owned by or furnished or available for your regular use
 - Extended Non-Owned Coverage-Vehicles Furnished Or Available For Regular Use can be used to negate this exclusion for those indicated in the endorsement
 - Any vehicle other than “your covered auto” owned by or furnished or available for a “family member’s” regular use
 - This exclusion does not apply to you
 - Any vehicle located in a facility designed for racing when there to participate
 - Any vehicle which is designed or can be used for flight

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Part A – Liability – Summary – Does Coverage Follow the Car or Driver?

- **Have the requirements of the Insuring Agreement been met?**
 - Has there been BI or PD?
 - Is the “insured” legally liable?
 - Has there been an auto accident?
- **Is an “insured” involved?**
 - You or any “family member” for the ownership, maintenance or use of any auto or “trailer”
 - Any person using “your covered auto”
 - Others for “your covered auto”
 - Others for a vehicle not a “your covered auto”

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Part A – Liability – Summary – Does Coverage Follow the Car or Driver?

- **Does any liability exclusion that applies to “insureds” affect the person?**
 - Just because one exclusion does not apply does not mean that no exclusion applies
 - An exclusion that applies to one “insured” may or may not apply to other “insureds”
- **Does the car itself fall within the scope of coverage?**
 - Does any liability exclusion that applies to vehicle types apply?
 - Does any liability exclusion that applies to vehicle use apply?
 - Does any liability exclusion that applies to an “insured’s” relationship with a vehicle apply?

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Part A – Liability – Summary – Does Coverage Follow the Car or Driver?

- **Note the Other Insurance provision found in Part A – Liability Coverage**
 - This provision indicates when your PAP is primary and when it is excess

PART A – LIABILITY COVERAGE
LIMIT OF LIABILITY
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.

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Part A – Liability – Summary – Does Coverage Follow the Car or Driver?

- Please keep in mind -
 - All coverage parts are subject to
 - Part E – Duties After An Accident Or Loss
 - Part F – General Provisions
- We will address these at the end of the outline



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Does Personal Auto Coverage Follow the Car or the Driver?
Review of the Insuring Agreement Found In Part B-Medical Payments Coverage

- Who makes the promise?
- For what?
- To whom?
- What conditions must be met?

PART B – MEDICAL PAYMENTS COVERAGE
INSURING AGREEMENT
 A. We will pay reasonable expenses incurred for necessary medical and funeral services because of "bodily injury":
 1. Caused by an accident; and
 2. Sustained by an "insured".
 We will pay only those expenses incurred for services rendered within three years from the date of the accident.

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Overview – Does Part B – Medical Payments Coverage Follow the Car or the Driver?

- Definition of "insured"
 - "Insured" definition differs from coverage part to coverage part
- In Part B-Medical Payments Coverage "insured" status exists for
 - You or any "family member"
 - While "occupying"; or
 - As a pedestrian when struck by;
 - a motor vehicle designed for use mainly on public roads or a trailer of any type
 - Any other person while "occupying" "your covered auto"

DEFINITIONS
 G. "Occupying" means:
 1. In;
 2. Upon; or
 3. Getting in, on, out or off.

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PART B – MEDICAL PAYMENTS COVERAGE
 B. "Insured" as used in this Part means:
 1. You or any "family member":
 a. While "occupying"; or
 b. As a pedestrian when struck by;
 a motor vehicle designed for use mainly on public roads or a trailer of any type.
 2. Any other person while "occupying" "your covered auto".

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Overview – Does Part B – Medical Payments Coverage Follow the Car or the Driver?

Important Medical Payments exclusions that affect “insureds”

• We do not provide Medical Payments Coverage for any “insured” for “bodily injury”

- Sustained while “occupying” any motorized vehicle having fewer than four wheels
- Sustained while “occupying” “your covered auto” when it is being used as a public livery or conveyance – including when an “insured” is logged into a “transportation network platform” as a driver
 - This exclusion does not apply to a share-the-expense car pool or while “your covered auto” is being used for volunteer or charitable purposes
- Sustained while “occupying” any vehicle located for use as a residence or premises



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Overview – Does Part B – Medical Payments Coverage Follow the Car or the Driver?

Important Medical Payments exclusions that affect “insureds”

• We do not provide Medical Payments Coverage for any “insured” for “bodily injury”

- Occurring during the course of employment if workers’ compensation benefits are required or available
- Sustained while “occupying” or when struck by, any vehicle (other than “your covered auto”) which is:
 - Owned by you; or
 - Furnished or available for your regular use
- Sustained while “occupying” or when struck by any vehicle (other than “your covered auto”) which is
 - Owned by any “family member”; or
 - Furnished or available for the regular use of any “family member”
 - This exclusion does not apply to you

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Overview – Does Part B – Medical Payments Coverage Follow the Car or the Driver?

Important Medical Payments exclusions that affect “insureds”

• We do not provide Medical Payments Coverage for any “insured” for “bodily injury”

- Sustained while “occupying” a vehicle without a reasonable belief that that “insured” is entitled to do so
 - This exclusion does not apply to a “family member” using “your covered auto” which is owned by you
- “Occupying” a vehicle when being used in the “business” of an “insured”
 - This exclusion does not apply to a private passenger auto, pickup, van or “trailer”



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Overview – Does Part B – Medical Payments Coverage Follow the Car or the Driver?

Important Medical Payments exclusions that affect “insureds”

- We do not provide Medical Payments Coverage for any “insured” for “bodily injury”
 - Caused by or as a consequence of
 - Discharge of a nuclear weapon – **EVEN IF ACCIDENTAL**
 - War, civil war, insurrection, rebellion or revolution
 - Nuclear reaction, radiation or radioactive contamination
 - Sustained while “occupying” any vehicle located inside a facility designed for racing, when there for the purpose of
 - Participating or competing in; or practicing or preparing for any prearranged or organized race
 - Sustained while “occupying” or when struck by “your covered auto” while enrolled in a personal vehicle sharing program and being used by anyone other than you or any “family member”
 - Sustained while “occupying” or when struck by any vehicle which is designed for or can be used for flight



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Part B – Medical Payments – Summary – Does Coverage Follow the Car or Driver?

• Have the requirements of the Insuring Agreement been met?

- Has there been BI?
 - Caused by an accident
 - Sustained by an “insured”



• Is an “insured” involved?

- You or any “family member”
 - While “occupying”; or
 - As a pedestrian when struck by a motor vehicle designed for use mainly on public roads or a trailer of any type
- Any other person while “occupying” “your covered auto”

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Part B – Medical Payments – Summary – Does Coverage Follow the Car or Driver?

• Does any Medical Payments exclusion that applies to “insureds” affect the person?

- Just because one exclusion does not apply does not mean that no exclusion applies
- An exclusion that applies to one “insured” may or may not apply to other “insureds”

• Does the vehicle itself fall within the scope of coverage?

- Does any medical payments exclusion that applies to vehicle types apply?
- Does any medical payments exclusion that applies to vehicle use apply?
- Does any medical payments exclusion that applies to an “insured’s” relationship with a vehicle apply?

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Part B – Medical Payments Coverage – Summary – Does Coverage Follow the Car or Driver?

- **Note the Other Insurance provision found in Part B – Medical Payments Coverage**
 - This provision indicates when your PAP is primary and when it is excess

**PART B – MEDICAL PAYMENTS COVERAGE
OTHER INSURANCE**

If there is other applicable auto medical payments 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 with respect to 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 auto insurance providing payments for medical or funeral expenses.

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**Does Personal Auto Coverage Follow the Car or the Driver?
Review of the Insuring Agreement Found In
Part C-Uninsured/Underinsured Motorists Coverage**

- **Who makes the promise?**
- **For what?**
- **To whom?**
- **What conditions must be met?**

**PART C – UNINSURED MOTORISTS COVERAGE
INSURING AGREEMENT**

A. We will pay compensatory damages which an "insured" is legally entitled to recover from the owner or operator of an "uninsured motor vehicle" because of "bodily injury":

1. Sustained by an "insured"; and
2. Caused by an accident.

The owner's or operator's liability for these damages must arise out of the ownership, maintenance or use of the "uninsured motor vehicle".

Any judgment for damages arising out of a suit brought without our written consent is not binding on us.

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Overview – Does Part C – Uninsured/Underinsured Motorists Coverage Follow the Car or the Driver?

- **Definition of "insured" in this Coverage Part**
 - You or any "family member"
 - Any other person "occupying" "your covered auto"
 - Any person entitled to recover compensatory damages because of BI to you, any "family member" or any other person "occupying" "your covered auto"

PART C – UNINSURED MOTORISTS COVERAGE

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

1. You or any "family member";
2. Any other person "occupying" "your covered auto"; or
3. Any person for damages that person is entitled to recover because of "bodily injury" to which this coverage applies sustained by a person described in 1. or 2. above.

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- **Definition of "uninsured motor vehicle" in this Coverage Part**

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PART C – UNINSURED MOTORISTS COVERAGE

C. "Uninsured motor vehicle" means a land motor vehicle or trailer of any type:

- To which no bodily injury liability bond or policy applies at the time of the accident.
- To which a bodily injury liability bond or policy applies at the time of the accident. In this case its limit for bodily injury liability must be less than the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which "your covered auto" is principally garaged.
- Which is a hit-and-run vehicle whose operator or owner cannot be identified and which hits:
 - You or any "family member";
 - A vehicle which you or any "family member" are "occupying"; or
 - "Your covered auto"
- To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:
 - Denies coverage; or
 - Is or becomes insolvent.

However, "uninsured motor vehicle" does not include any vehicle or equipment:

- Owned by or furnished or available for the regular use of you or any "family member".
- Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer which is or becomes insolvent.
- Owned by any governmental unit or agency.
- Operated on rails or crawler treads.
- Designed mainly for use off public roads while not on public roads.
- While located for use as a residence or premises.

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Overview – Does Part C – Uninsured/Underinsured Motorists Coverage Follow the Car or the Driver?

Important UM/UIM exclusions that affect "insureds"

- We do not provide UM/UIM coverage for BI sustained**
 - By an "insured" while "occupying" or when struck by any motor vehicle owned by that "insured" and not insured for this coverage under this policy
 - By any "family member" while "occupying" or when struck by any motor vehicle you own which is insured for this coverage, on a primary basis, under any other policy
 - If that "insured" or the legal representative settles the BI claim and it prejudices our right to recover
 - While "occupying" "your covered auto" when used as a public or livery conveyance – including when logged into a "transportation network platform" as a driver
 - Exception for a share-the-expense carpool or use for volunteer or charitable purposes

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Overview – Does Part C – Uninsured/Underinsured Motorists Coverage Follow the Car or the Driver?

- We do not provide UM/UIM coverage for BI sustained by any "insured"**
 - When using a vehicle without a reasonable belief that that "insured" is entitled to do so
 - This exclusion does not apply to a "family member" using a "your covered auto" which is owned by you
 - While "occupying", or when struck by, "your covered auto" while enrolled in a personal vehicle sharing program and being used in that program by anyone other than you or a "family member"
 - While "occupying" or when struck by any vehicle designed for or which can be used for flight



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Overview – Does Part C – Uninsured/Underinsured Motorists Coverage Follow the Car or the Driver?

Important UM/UIM exclusions that affect “insureds”

- This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law
 - Workers’ compensation law
 - Disability benefits law
- We do not provide UM/UIM for punitive or exemplary damages

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Part C – Uninsured/Underinsured Motorists Coverage – Summary – Does Coverage Follow the Car or Driver?

- Have the requirements of the Insuring Agreement been met?
 - Has there been BI?
 - Caused by an accident; and
 - The “insured” is legally entitled to recover compensatory damages as a result of the negligence of the owner or operator of an “uninsured motor vehicle”
- Is an “insured” involved?
 - You or any “family member”
 - Any person “occupying” “your covered auto”
 - Any person entitled to damages as a result of BI to those previously mentioned



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- Note the Other Insurance provision found in Part C – Uninsured Motorists Coverage
 - This provision indicates when your PAP is primary and when it is excess

PART C – UNINSURED MOTORISTS COVERAGE
OTHER INSURANCE
 If there is other applicable insurance available under one or more policies or provisions of coverage that is similar to the insurance provided under this Part of the Policy:

1. Any recovery for damages under all such policies or provisions of coverage may equal but not exceed the highest applicable limit for any one vehicle under any insurance providing coverage on either a primary or excess basis.
2. Any insurance we provide with respect to a vehicle you do not own, including any vehicle while used as a temporary substitute for “your covered auto”, shall be excess over any collectible insurance providing such coverage on a primary basis.
3. If the coverage under this Policy is provided:
 - a. On a primary basis, we will pay only our share of the loss that must be paid under insurance providing coverage on a primary basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage provided on a primary basis.
 - b. On an excess basis, we will pay only our share of the loss that must be paid under insurance providing coverage on an excess basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage provided on an excess basis.

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**Does Personal Auto Coverage Follow the Car or the Driver?
Review of the Insuring Agreement Found In
Part D-Coverage For Damage To Your Auto**

- Who makes the promise?
- For what?
- What conditions must be met?

**PART D – COVERAGE FOR DAMAGE TO YOUR AUTO
INSURING AGREEMENT**

A. We will pay for direct and accidental loss to "your covered auto" or any "non-owned auto", including its equipment, minus any applicable deductible shown in the Declarations. If loss to more than one "your covered auto" or "non-owned auto" results from the same "collision", only the highest applicable deductible will apply. We will pay for loss to "your covered auto" caused by:

1. Other than "collision" only if the Declarations indicates that Other Than Collision Coverage is provided for that auto.
2. "Collision" only if the Declarations indicates that Collision Coverage is provided for that auto.

If there is a loss to a "non-owned auto", we will provide the broadest coverage applicable to any "your covered auto" shown in the Declarations.

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Part D – Coverage For Damage To Your Auto – Important Definitions

- Definition of "collision" and indication of other than "collision" in this Coverage Part

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO

B. "Collision" means the upset of "your covered auto" or a "non-owned auto" or its impact with another vehicle or object.

Loss caused by the following is considered other than "collision":

1. Missiles or falling objects;
2. Fire;
3. Theft or larceny;
4. Explosion or earthquake;
5. Windstorm;
6. Hail, water or flood;
7. Malicious mischief or vandalism;
8. Riot or civil commotion;
9. Contact with bird or animal; or
10. Breakage of glass.

If breakage of glass is caused by a "collision", you may elect to have it considered a loss caused by "collision".

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Part D – Coverage For Damage To Your Auto – Important Definitions

- Definition of "non-owned auto" in this Coverage Part

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO

C. "Non-owned auto" means:

1. Any private passenger auto, pickup, van or "trailer" not owned by or furnished or available for the regular use of you or any "family member" while in the custody of or being operated by you or any "family member"; or
2. Any auto or "trailer" you do not own while used as a temporary substitute for "your covered auto" which is out of normal use because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. Loss; or
 - e. Destruction.

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Does Personal Auto Coverage Follow the Car or the Driver?
Review of Important Exclusions Found In Part D-Coverage For Damage To Your Auto

- Loss to "your covered auto" or any "non-owned auto" while used as a public or livery conveyance – including when logged in to a "transportation network platform"
 - This exclusion does not apply to a share-the-expense carpool or when used for volunteer or charitable purposes
- Loss to electronic equipment not permanently installed
- Total loss due to destruction or confiscation by governmental or civil authorities
- Loss to any "non-owned auto" when used by you or a "family member" without a reasonable belief of entitlement

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Does Personal Auto Coverage Follow the Car or the Driver?
Review of Important Exclusions Found In Part D-Coverage For Damage To Your Auto

- Loss to a "non-owned auto" when maintained or used by any person while employed or otherwise engaged in an auto-related business
- Loss to "your covered auto" or any "non-owned auto" located inside a facility designed for racing when there to participate
- Loss to any vehicle which is designed for or can be used for flight



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Does Personal Auto Coverage Follow the Car or the Driver?
Review of Important Limitations Found In Part D-Coverage For Damage To Your Auto

- Loss settlement is ACV
- Loss to a non-owned trailer is limited to \$1,500
- Electronic equipment which is permanently installed but not where the manufacturer would install it is limited to \$1,000
- Loss to "custom equipment" in or upon "your covered auto" or any "non-owned auto" is limited to \$1,500
- Depreciation is a factor
- Betterment is not covered

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO
LIMIT OF LIABILITY
A. Our limit of liability for loss will be the lesser of the:
 1. Actual cash value of the stolen or damaged property; or
 2. Amount necessary to repair or replace the property with other property of like kind and quality.
 However, the most we will pay for loss to:
 a. Any "non-owned auto" which is a trailer is \$1,500.
 b. Electronic equipment that reproduces, receives or transmits audio, visual or data signals, which is permanently installed in the auto in locations not used by the auto manufacturer for installation of such equipment, is \$1,000.
 c. "Custom equipment" in or upon "your covered auto" or any "non-owned auto" is \$1,500.
B. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total loss.
C. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

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Part D – Coverage For Damage To Your Auto – Summary – Does Coverage Follow the Car or the Driver?

- **Have the requirements of the Insuring Agreement been met?**
 - Is loss direct and accidental?
 - Is the vehicle a “your covered auto” or a “non-owned auto”
 - If the vehicle is a “your covered auto”, is there “collision” and/or other than “collision” on that auto?
 - As evidenced in the Declarations for **THAT** vehicle
 - If the vehicle is a “non-owned auto” does at least one “your covered auto” have “collision” and/or other than “collision” coverage?
 - If so, there will be “collision” and/or other than “collision” on any “non-owned auto”

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Part D – Coverage For Damage To Your Auto – Summary – Does Coverage Follow the Car or the Driver?

- **Have definitions been reviewed and their provisions met?**
 - Definition of “collision”
 - Determination of other than “collision”
 - Definition of “your covered auto”
 - Definition of “non-owned auto”
 - Which definition of “non-owned auto” applies to the vehicle?
 - If the vehicle is a temporary substitute for a “your covered auto”, it can be any auto or “trailer”
 - If the vehicle is other than a temporary substitute for a “your covered auto”, it must be a private passenger auto, pickup, van or “trailer” not furnished or available for the regular use of you or any “family member”
- **Have exclusions been reviewed?**
- **Have limits of liability been reviewed?**

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Part D – Coverage For Damage To Your Auto – Summary – Does Coverage Follow the Car or Driver?

- **Note the Other Sources Of Recovery provision found in Part D – Coverage For Damage To Your Auto**
 - This provision indicates when your PAP is primary and when it is excess

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO
OTHER SOURCES OF RECOVERY
 If other sources of recovery also cover the loss, 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 with respect to a “non-owned auto” shall be excess over any other collectible source of recovery including, but not limited to:

1. Any coverage provided by the owner of the “non-owned auto”.
2. Any other applicable physical damage insurance.
3. Any other source of recovery applicable to the loss.

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- **What about a rental car?**
 - The rental agreement will dictate that the renter’s PAP is primary for physical damage to the rented vehicle
 - As there is no contractual liability exclusion, the renter’s PAP will pay for loss to a rental car covered in Part D on a primary basis

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**Do Any Items Found in – Part E – Duties After
An Accident Or Loss Pose a Challenge?**

We have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us:

- We must be notified
 - How, when and where the accident or loss happened
 - Include names and addresses of any injured persons and of any witnesses
- A person seeking coverage must
 - Cooperate with us in investigation, settlement or defense of any claim or suit
 - Promptly send us copies of any notices or legal papers
 - Submit to physical exams
 - Submit to examination under oath
 - Submit to recorded statements
- Authorize us to obtain
 - Medical records
 - Other pertinent records

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**Do Any Items Found in – Part E – Duties After
An Accident Or Loss Pose a Challenge?**

We have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us:

- A person seeking UM/UIM coverage must
 - Promptly notify the police if a hit-and-run driver is involved
 - Promptly send us copies of legal papers if a suit is brought
- A person seeking Coverage For Damage To Your Auto must
 - Take reasonable steps after a loss to protect “your covered auto” or any “non-owned auto” and its equipment from further loss
 - Promptly notify the police if “your covered auto” or any “non-owned auto” is stolen
 - Permit us to inspect and appraise the damaged property before its repair or disposal

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**Do Any Items Found in – Part F –
General Provisions Pose a Challenge?**

- Bankruptcy
 - Bankruptcy or insolvency of the “insured” shall not relieve us of any obligations under this policy
- Changes
 - Terms of the policy may not be changed or waived except by endorsement issued by us
 - If there is a change to the information used to develop the policy premium, we may adjust your premium
 - Changes in the number, type or use classification of insured vehicles
 - Operators using insured vehicles
 - Place of principal garaging of insured vehicles
 - Coverages, deductibles or limits
- Fraud
 - Fraudulent statements or engagement in fraudulent conduct will void coverage

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Do Any Items Found in – Part F – General Provisions Pose a Challenge?

• Our Right To Recover Payment

- Is the company afforded subrogation rights if the driver is responsible for the auto accident and the company pays to a claimant?
 - The answer is 'yes' – with a very important exception

**PART F – GENERAL PROVISIONS
OUR RIGHT TO RECOVER PAYMENT**

A. If we make a payment under this Policy and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. That person shall do:

1. Whatever is necessary to enable us to exercise our rights; and
2. Nothing after loss to prejudice them.

However, our rights in this paragraph (A.) do not apply under Part D., against any person using "your covered auto" with a reasonable belief that that person is entitled to do so.

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Conclusion:

The process of determining whether coverage follows the car or the driver requires the insurance professional to understand all the Personal Auto Policy’s Declarations, definitions, coverage parts, Insuring Agreements, exclusions, policy provisions and endorsements.

Only after careful review of ALL of these items can we truly answer the question:

“Does Personal Auto Coverage Follow the Car - or the Driver?”

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Thank you for your attention



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