

## Auto List

### A

**Actual Cash Value (ACV):** The replacement cost of property damaged or destroyed at the time of loss, with deduction for depreciation. Actual cash value cannot exceed the applicable limit of liability shown in the declarations of the policy, nor the amount it would cost to repair or replace such property with material of like kind and quality within a reasonable amount of time after a loss.

**Add-on No-fault benefits:** A policy provision that adds no-fault benefits, where permitted, to automobile liability coverage's without restricting the right of the victim to sue the wrongdoer.

**Age Discrimination:** The use of age as a rating factor in automobile insurance, where drivers between 30 and 60 years of age are considered preferred risks; drivers under 30 and over 60 have a difficult time obtaining coverage and pay significantly higher premiums. Insurers treat age groups differently because statistics indicate that very young and very old drivers have a greater number of accidents than those in the middle years of life. Older drivers may receive a rate discount based on substantially reduced driving, but the rate adjustment for age is likely to increase the insurance cost per mile driven. The use of age as a component affecting rates and premiums. Usually, premiums increase as an individual's age increases. For some policies, there is an upper limit on age, above which the insurer will not accept an application for insurance. Liability for claims alleging age discrimination may or may not be covered by the definition of "personal injury" in a liability policy. Some policies specify the types of discrimination claims that are covered, which may include discrimination based on age.

**Air bag:** An automobile safety designed to inflate automatically especially, in front of an occupant in case of any collision.

### **Auto Dealers Rating Plan:**

**Automobile:** A land motor vehicle, trailer, or semi-trailer designed for travel on public roads, not including "mobile equipment." This definition is important in determining whether liability coverage is afforded under an auto liability policy or a commercial general liability (in the case of mobile equipment). See also *Mobile equipment*.

**Automobile Fleet:** A group of automobiles owned and managed by the same owner. The economy for an insurer of covering a significant number of vehicles under a single policy allows a discounted premium to be offered on automobile fleet policies.

**Automobile Insurance:** Insurance that provides coverage for physical damage to the insured's vehicle, liability coverage for bodily injury and property damage to others arising out of the insured's operation of a vehicle, and coverage for medical treatment of the insured's or operator's own injuries.

**Automobile Insurance Plan:** One of several types of shared market mechanisms where persons who are unable to obtain such insurance in the voluntary market are assigned to a particular company, usually at a higher rate than the voluntary market.

**Automobile Liability Bonds:** A surety bond maintained in lieu of automobile liability coverage to satisfy a state's financial responsibility or compulsory insurance law when an organization self-insures its auto liability exposure.

**Automobile Liability Insurance:** Coverage designed to provide protection for the insured against financial loss because of legal liability for car-related injuries to others or damage to their property.

**Automobile Medical Payments:** Medical and funeral expense coverage for bodily injuries sustained from or while occupying an insured vehicle, regardless of the insured's negligence. Coverage is commonly limited to \$5,000. Coverage in the business auto, garage or truckers' coverage form can be added by endorsement (ISO form CA 99 03). Coverage in a personal auto policy follows the insured, spouse and members of the household as passengers in other vehicles and as pedestrians if they are hit by a vehicle. Coverage for medical expenses of persons who sustain bodily injury at a commercial insured's premises or operations without regard to negligence. Medical expenses include first aid, surgery, x-rays, dental services, prosthetic devices, transportation by ambulance, and funeral services. This coverage is included in the commercial general liability policy as coverage part C.

**Automobile Non-owned Coverage:** is provided only for autos not owned, leased, hired, or borrowed by the insured. Coverage includes autos owned by the insured's employees or members of their households, but only while used in named insured's business or personal affairs. Protects against loss caused by an employee driving their own car on company business. Third party claims are covered up to the policy limit.

**Automobile Physical Damage Insurance:** Coverage to pay for damage to loss of an insured automobile resulting from collision, fire, theft, or other perils.

**Automobile Reinsurance Facility:** One of several types of shared market mechanisms used to make automobile insurance available to persons who are unable to obtain such insurance in the regular market.

**Automobile Shared Market:** A program in which all automobile insurers in each state and the District of Columbia participate to make coverage available to car owners who are unable to obtain auto insurance in the voluntary market. Except in Maryland, which operates a state-funded mechanism whose losses are subsidized by private insurers, each state uses one of three systems (an automobile insurance plan, a joint underwriting association, or a reinsurance facility) to guarantee the availability of automobile insurance.

## **B**

**Basic Protection Insurance:** An automobile no-fault plan proposed by two law professors, Robert Keeton and Jeffrey O'Connell, called "basic protection insurance." The plan sought to eliminate most auto liability lawsuits by requiring insurers to reimburse their own policyholders (up to \$10,000 per person). The plan would permit regular tort claims only for non-economic losses exceeding \$5,000. See [Keeton-O'Connell Plan](#).

**Basic Standard Auto Policy:** A policy introduced in 1935 that was once widely used but was replaced by the family automobile and business auto policies.

**Bobtail:** A truck/tractor operating without a trailer or semi-trailer.

**Bobtail Coverage:** Vehicle liability coverage for truckers that covers a tractor returning empty from a trip, which therefore may not be insured by a contracting shipper's policy. Bobtail is a trucking term for a tractor being operated without a trailer.

**Broad Form Drive Other Car Coverage:** Automobile coverage available for employees, executives, or any person who is supplied a company vehicle, but who does not own a personal vehicles, and thus does not have coverage under a personal auto policy. An endorsement may be added to the automobile policy of the company that furnishes the automobile to give protection while the named individual or spouse is driving a car borrowed from a third party. The drive other car coverage is usually added at an additional premium charge.

**Broad Form Products Liability:** Coverage that can be added to the garage coverage form, removing the exclusion for "property damage to any of your products" and covering damage to products (subject to a deductible of \$250). This coverage does not guarantee the fitness or quality of a product, but covers property damage to a vehicle resulting from a defective product. (ISO form CA 25 01.)

**Business Use:** A personal auto policy rating classification signifying that the principal driver uses the vehicle for occupational, business or professional purposes.

## C

**Chargeable Offense:** An action or violation committed while driving a motor vehicle for which insurers are permitted to charge an additional premium or to deny, terminate, or refuse to renew coverage. Parking tickets are not chargeable against a driving record.

**Collision:** To come together with solid or direct impact. An act or instance of encounter between particles (as atoms or molecules) resulting in exchange or transformation of energy.

**Collision Coverage:** Physical damage coverage that can be part of an automobile, garage, or truckers' policy. It covers damage to the insured's vehicle caused by collision or overturn of the vehicle.

**Collision Damage Waiver (CDW):** A provision in many auto rental contracts charging an extra fee to the person renting a vehicle, and in exchange the rental company waives its right to recover physical damage losses from the renter.

**Combined Single Limit (CSL):** An aggregate limit of liability coverage for bodily injury and property damage in one accident or occurrence.

**Common Carrier:** An airline, bus line, railroad or trucking company that furnishes transportation services to the general public. Common carriers are regulated by the Interstate Commerce Commission or by state public utilities commissions and are liable to shippers for the safe delivery of freight entrusted to them (except for losses arising from certain named perils).

**Comprehensive Coverage:** Physical damage coverage that can be part of an automobile, garage, or truckers' policy. It covers damage to the insured's vehicle from causes other than collision or overturn--which are insured separately under collision coverage--such as theft, vandalism or fire.

**Compulsory Insurance Laws:** Law protecting accident victims against irresponsible motorists by requiring owners and operators of automobiles to carry certain amounts of liability insurance in order to license the vehicle and drive legally within the state.

**Conversion, Embezzlement, or Secretion Exclusion:** An older version of the current "false pretense" exclusion, found in commercial automobile coverage forms. The intentional, unlawful use of another person's property; the taking of property without the owner's permission. Fraudulent use or taking of another's property or money which has been entrusted to one's care.

**Converted Losses:** A loss factor used in retrospective rating and retention plans which is developed by multiplying incurred losses by a loss conversion factor. Formula: incurred losses  $\times$  loss conversion factor (LCF). Example: \$100,000 (incurred losses)  $\times$  1.20 (LCF) = \$120,000 (converted losses).

## D

**Deadheading:** Operating a truck/tractor with its trailer empty. See Bobtail and Bobtail liability.

**Dealer Class Plan:** A rating plan developed for automobile dealers under the ISO commercial auto insurance program, garage coverage section.

**Drive away Collision:** Collision coverage in a garage policy is applicable only within a 50-mile radius of the dealership. Drive away collision coverage deletes this distance exclusion and affords coverage for pick up or delivery of vehicles to or from a point greater than 50 miles from the dealership.

**Drive Other Car Coverage:** Automobile liability coverage that protects the insured while driving a car not owned by the insured and not named in the policy. It can also be used to cover a business when an employee drives a car for business purposes but which is not owned by the business. (ISO form CA 99 10.)

**Driver Training Credit:** A credit applied to the personal automobile insurance premium for insured's who have completed an approved driver education course.

**Drive To or From Work:** A personal auto insurance rating classification used when the principal driver uses the insured vehicle only for personal use and to drive between home and work (i.e., the driver does not use the car in business, nor strictly for pleasure). This classification also includes driving to and from school. Usually, the classification is divided between one-way trips of more than or less than 15 miles.

## **E**

**Employers Non-ownership Liability:** Liability coverage for an employer when employees or agents use their own vehicles on behalf of the employer. The coverage can be provided by a commercial auto policy or endorsed to a commercial general liability policy. **See:** [non-owned automobile liability](#).

## **F**

**False Pretense Coverage:** A garage policy endorsement (ISO form CA 25 03) extending coverage for autos that the insured voluntarily parts with because of a trick, scheme, or false pretense, or acquires from a seller not possessing legal title to the vehicle. The trick and devise exclusion to the garage policy must be deleted.

**False Pretense Exclusion:** An exclusion in some automobile dealers' physical damage policies that eliminates coverage for losses due to fraudulent acts, such as a customer stealing a car under the pretense of test-driving or paying for a car with a bad check. **See:** [trick and devise exclusion](#).

**Family Automobile Endorsements:** An endorsement to the basic automobile policy that broadens the definitions of persons insured and drives other car coverage.

**Family Automobile Policy (FAP):** A standard personal automobile policy used through the 1980s that has been replaced by the personal auto policy. The family auto policy was the first to include both automobile liability and physical damage in a single form. Prior to its use, the basic standard automobile policy was the standard form.

**Family Exclusion:** An exclusion in most personal auto and homeowners policies for liability for bodily injury or damage to property of family members.

**Family Protection Endorsement:** Coverage that must be offered to insured's in many states and which, when added to an automobile policy, pays damages for bodily injury to its own insured for which an uninsured motorist is legally liable but unable to pay. **See:** [uninsured motorist coverage](#).

**Farm Use:** An automobile rating classification for a vehicle that is principally garaged on a farm or ranch and not used in any business other than farming or ranching.

**Financial Responsibility Laws:** A state law which may require motorists to furnish evidence, either before or after involvement in an auto accident (depending on the individual state's law), of ability to pay for damages up to certain minimum dollar limits. These requirements commonly are met by carrying auto liability insurance with specified minimum limits or more.

**Fleet Automatic:** In automobile insurance, provides physical damage coverage automatically to all newly acquired automobiles owned by the insured. Premium charges for these automobiles are made either through a reporting form or an audit at the end of the policy period. The term is one which was used before the advent of the business auto coverage form when a physical damage endorsement was added to the commercial auto liability policy to afford such coverage.

**Fleet Policy:** An insurance contract applying to a number of vehicles, usually with the requirement that they be under common ownership.

## G

**Garage Coverage Form:** An Insurance Services Office policy (ISO form CA 00 05) that provides coverage's for liability arising from garage operations, medical payments, automobile physical damage, and uninsured or underinsured motorists in a single contract for automobile dealers, service stations, auto repair shops and parking lots. The garage coverage form has several classifications of covered vehicles, coded by numbers, as follows: 21. Any auto: the broadest classification. 22. Owned autos only: vehicles owned by the insured, including any acquired during the policy period. 23. Owned private passenger autos only: vehicles defined as private passenger (for example, a sedan or station wagon). Coverage is not provided on vans or pickup trucks even if they are used only to transport people. 24. Owned autos other than private passenger autos only: vehicles not designed as private passenger vehicles (for example, pickup trucks, vans, truck-tractors), including newly acquired vehicles. 25. Owned autos subject to no-fault: coverage only for no-fault or personal injury protection on vehicles located in no-fault states. 26. Owned autos subject to compulsory uninsured motorist law: vehicles located in a state where uninsured motorist coverage is compulsory. The required coverage is provided under the policy form. 27. Specifically described autos: vehicles listed in the policy or supplementary schedule. Coverage is limited to 30 days for newly acquired vehicles. 28. Hired autos only: A vehicle that is leased rented or borrowed. 29. Non-owned autos used in the garage business: vehicles belonging to employees and partners or their household members, which are covered while being used for the insured's business purposes. 30. Autos left for service, repair, storage or safekeeping: customers' vehicles while in the insured's care. 31. Dealer's autos and autos held for sale by non-dealers or trailer dealers: this category is only used to provide physical damage coverage, requiring other classifications with it. A further description of the coverage must be included on a supplementary schedule.

**Garagekeepers Extra Legal Liability:** Extends the garage keeper's liability policy to provide coverage for damage to customers' automobiles regardless of the legal liability of the insured.

**Garagekeepers Insurance:** Insurance covering the legal liability of automobile dealers, garages, repair shops, and service stations for claims of bodily injury and property damage arising out of business operations. Damage to customers' vehicles is excluded from this coverage; however, garagekeepers coverage can be written as a part of the garage policy to cover that exposure.

**Garagekeepers Legal Liability Insurance (GKLL):** is either in the form of a policy or an endorsement which has been designed to offer protection to an insured who takes custody or control of the vehicle of another, in order to perform operations such as the attending, servicing, repairing, parking or storing of that vehicle.

**Good Driver Discount:** A premium discount granted on a personal auto insurance policy for a good driving record. In order to obtain the discount, a driver's record must be clear of moving violations or accidents for a period of time (usually three to five years).

**Good Student Discount:** A premium discount granted on a personal auto insurance policy for a student with a good academic record. Some statistical studies indicate that good students have fewer automobile accidents.

**Gross Combination Weight (GCW):** The value specified by the manufacturer as the maximum loaded weight of a truck/tractor plus the trailer or semi-trailer designed for use with the truck tractor. In the absence of a value specified by the manufacturer, GCW will be determined by adding the GCW of the power unit and the total weight of the towed unit and any load thereon.

**Gross Vehicle Weight (GVW):** The value specified by the manufacturer as the maximum total loaded weight of a single vehicle.

**Guest Law:** Generally, a passenger who has been invited to ride in a vehicle without any charge or expected payment has the right to bring suit against a negligent driver in the event of an accident. However, some states have laws that prohibit such a suit unless willful or wanton negligence is involved. The prohibition sometimes applies only to passengers who are close relatives of the driver.

**Guest Statute:** Legislation governing the rights of guests to sue a host-driver. Some guest statutes prohibit all non-paying guests from suing for damages arising out of ordinary negligence; other statutes preclude only those guests related to the owner or operator.

## H

**Hired Automobile:** An automobile whose exclusive use and control has been temporarily given to another for a consideration. The business auto definition of "hired autos," however, includes autos borrowed except those borrowed from employees or partners.

## I

**Interchange Insurance:** Insurance coverage for truckers who frequently trade trailers under an agreement that makes them responsible for any damage to a trailer in their care or custody. It covers the insured's liability for damage to a trailer not belonging to the insured.

**Intermediate:** A commercial auto rating classification for vehicles that customarily operates within a radius of between 51 and 200 miles of the vehicle's garage location.

**Interstate Carrier:** A trucking company that operates across state lines and is regulated by the Interstate Commerce Commission.

**Intrastate Carrier:** A trucking firm that operates within a single state.

## K

**Keeton-O'Connell Plan:** An automobile no-fault plan proposed by two law professors, Robert Keeton and Jeffrey O'Connell, called "basic protection insurance." The plan sought to eliminate most auto liability lawsuits by requiring insurers to reimburse their own policyholders (up to \$10,000 per person). The plan would permit regular tort claims only for non-economic losses exceeding \$5,000.

## L

**Lemon Aid Insurance:** Coverage indemnifying an auto dealer for a vehicle that is returned by a purchaser under the provisions allowed by state "lemon" laws, which permit a vehicle to be returned if it suffers persistent mechanical problems during its warranty period or other specified time.

**Limited Coverage for Customers:** A garage policy provision that limits liability coverage for customers of auto dealerships to the limits of the financial responsibility law in the state where the vehicle is principally garaged. This coverage does not apply if the customer has other applicable insurance.

**Limited Damage Waiver (LDW):** A provision in many auto rental contracts charging an extra fee to the person renting a vehicle, and in exchange the rental company waives its right to recover physical damage losses from the renter. **See:** [collision damage waiver](#).

**Livery Use:** The use of an automobile for hire to carry individuals. Livery use is excluded in auto policies unless coverage for it is specifically stated.

**Loading or Unloading:** Liability coverage under a commercial automobile policy for bodily injury or property damage to others that may occur while merchandise or goods are on or in the insured's vehicle. Loading or unloading begins when goods are removed from the site where they were accepted for shipment and ends when the goods are delivered. Prior to loading and after unloading, liability coverage is provided by a commercial general liability policy or other form of premises liability policy.

**Local:** A rating classification in commercial automobile insurance for any vehicle not frequently operated beyond a 50-mile radius of the vehicle's garage location.

**Long Haul:** A rating classification in commercial automobile insurance for a vehicle that is customarily driven at a distance of over 200 miles from its garage location. **See:** [long distance](#).

## M

**Medical Payments:** Protection in the event of loss, when an employee or his/her passengers are injured in an auto accident. This covers such expenses as medical and surgical bills, up to the policy limit, regardless of who is at fault. This coverage pays for the treatment of injuries to the driver and passengers of the policyholder's car. Depending on the specifics of the policy, PIP can cover medical payments, lost wages and the cost of replacing services normally performed by someone injured in an auto accident. It may also cover funeral costs.

**Mexican Automobile Endorsement:** An endorsement that can be added to the business auto, garage or truckers' policies that extends liability coverage to vehicles driven in Mexico within 25 miles of the U.S. border. Non-admitted insurance is not allowed in Mexico even with this endorsement, so a separate short-term policy should be purchased from a Mexican insurer. This coverage indemnifies an insured for defense and settlements in Mexico and provides coverage in excess of a policy issued by a Mexican insurer.

**Mexican Automobile Insurance:** U.S. citizens who drive into Mexico may be subject to detention by Mexican authorities following an accident, because insurance policies issued by U.S. insurers do not satisfy Mexican financial responsibility laws. Short-term automobile policies issued by Mexican insurers may be purchased at most border crossings.

**Miscellaneous Vehicles Coverage:** A form of errors and omissions coverage provided for a variety of professionals and quasi-professionals, including stock brokers, process servers, detective agencies, auctioneers, custom house brokers, franchisors, etc., for which no standard policy form is available (as is available for the "traditional" professions such as physicians, accountants, and attorneys). To tailor such policies to the particular profession involved, insurers generally append manuscript coverage provisions and exclusions.

**Motor Vehicles Record (MVR):** The record maintained by a state motor vehicle department of a driver's accidents and traffic violations.

## N

**Named Driver Exclusion:** An endorsement added to an automobile policy that specifically excludes from all coverage losses involving a named individual. It is usually attached when the underwriter is aware of a problem driver who might be allowed to use an insured automobile (e.g., the son of the named insured) in the absence of this endorsement.

**Named Insurance:** It is the first individual in whose name the auto insurance policy is issued.

**Named Non-owner Endorsement:** An endorsement (ISO form PP 03 22) to the personal auto policy that extends coverage for the use of non-owned autos to persons who do not have personal auto insurance because they do not own an automobile. This is needed when an individual is provided with an automobile by his or her employer, and the employer's insurance does not include personal auto coverage.

**Newly Acquired:** A provision in a business auto policy that automatically covers a vehicle acquired since the policy was issued that either replaces a scheduled vehicle or adds to a fully covered fleet. The automatic coverage usually expires in 30 or 90 days, after which the insured must report the new vehicle to the insurer and add the vehicle to the policy.

**No-fault Insurance:** A system of compensation for auto accidents enacted by law in many states which requires indemnification to be made by the insured's own insurance company instead of the insurer of another driver who may be at fault in causing the accident. Legal liability or fault is not usually determined, but if injuries exceed a specified threshold, a legal action is permitted.

**Non-fleet Automatic:** Business or commercial automobile coverage that requires the insured to report newly acquired vehicles to the insurer within a certain number of days for coverage to remain in effect on those vehicles. A business auto policy provides basic coverage for newly acquired vehicles, but usually for a limited number of days.

**Non-owned Automobile:** A vehicle used for business purposes that is not owned, leased, hired or borrowed by the insured. Example: An employee's own auto used in making sales calls or deliveries for a commercial insured. Non-owned autos are a classification of covered vehicles under the business auto coverage form, garage coverage form, and truckers' coverage form.

**Non-owned Automobile Liability:** Liability coverage for an employer when employees or agents use their own vehicles on behalf of the employer. The coverage can be provided by a commercial auto policy or endorsed to a commercial general liability policy.

## O

### **Occupying:**

**Omnibus Clause:** A standard automobile liability policy provision that extends coverage to others who may use an insured automobile with the insured's permission without specifically naming them in the policy.

### **Operating Rights:**

### **Original Cost New:**

**Other-than-Collision Coverage (OTC):** Physical damage coverage that can be part of an automobile, garage, or truckers' policy. It covers damage to the insured's vehicle from causes other than collision or overturn--which are insured separately under collision coverage--such as theft, vandalism or fire. **See:** [comprehensive coverage](#).

**Owned Automobile:** For automobile liability purposes, any automobile owned by the insured including non-owned trailers while attached to an owned auto.

## P

**Passenger Hazard Exclusion:** An endorsement frequently added to motorcycle policies that excludes coverage for claims against the insured driver for injury to a passenger.

**See:** [quest statute](#).

**Passive Restraint Systems:** One or more safety devices in a vehicle designed to prevent injuries in a collision by preventing occupants from being thrown into the windshield or other surfaces without requiring them to take deliberate action. Examples are air bags and automatic seat belts. Insurers encourage their use because they reduce the severity of injuries and are more reliable than manual devices, which occupants sometimes forget or refuse to fasten. Some insurers offer discounts on autos equipped with such devices.

**Personal Automobile Policy (PAP):** An insurance policy (ISO form PP 00 01) for the owners of private passenger vehicles. It combines physical damage insurance on the automobile with liability insurance for claims arising out of the ownership or use of the vehicle. Most insurers follow the ISO policy forms, though some have their own forms. The ISO forms provide liability coverage for the insured owner and extend coverage to include any family member and any person using the auto with the insured's permission. The policy has the following parts: Part A--liability coverage Part B--medical payments coverage Part C--uninsured motorist coverage Part D--coverage for damage to your auto Part E--duties after an accident or loss Part F--general provisions There are four types of vehicles that can be covered under the policy: 1. any vehicle indicated in the policy declarations; 2. newly acquired vehicles (additional and replacement vehicles) for 30 days; 3. Trailers owned by the insured; and 4. Temporary substitute vehicles. Numerous endorsements can be added to meet special state financial responsibility requirements, personal operation requirements, or special equipment requirements.

**Personal Injury Protection (PIP):** First-party no-fault coverage in an automobile insurance policy in which an insurer pays, within the specified limits, the wage loss, medical, hospital and funeral expenses of the insured.

**Physical Damage:** Damage to or loss of the auto resulting from collision, fire, theft or other perils.

**Pleasure Use:** An automobile rating classification for a vehicle not used for business purposes. Pleasure use includes driving to and from work.

**Private Carrier:** A fleet of trucks owned by the shipper and used for carrying its own cargo (i.e., a firm's own fleet of trucks). **See:** [carrier](#).

**Private Passenger Automobile:** An automobile used for personal purposes. To be covered by a personal auto policy, a vehicle must be owned by an individual and not be used to carry passengers for hire. For business auto classification purposes, private passenger automobiles are usually sedan and station wagon type vehicles, but also include pick-up trucks, panel trucks or vans not used for business purposes. **See:** [personal auto policy](#).

## R

**Radius of Operation:** A factor used in rating commercial trucks based on the distance traveled from the principal garage location. Risks are assumed to be greater for trucks traveling long distances (usually more than 50 miles), because of driver fatigue and higher speeds, than for those confined to a small area. It is customary to measure the radius by a straight line rather than by road miles.

**Rental Reimbursement Coverage:** Coverage that can be endorsed to an automobile policy that pays for a rental vehicle if the policyholder's car is disabled by a covered loss. (ISO form CA 99 23 for commercial auto coverage; form PP 03 02 for private passenger auto coverage.)

**Reporting Arrangement:** A reporting form method of arranging automobile physical damage under a garage policy. This method of coverage provides a maximum limit of liability for all vehicles, basing the premium on a rate applied against reports of monthly or quarterly values at risk. **See:** [garagekeepers' insurance](#).

## S

**Safe Driver Plan:** An automobile insurance rating plan that assigns points to insured's for traffic violations and some accidents. Those without any violations or accidents pay the base rate; surcharges are imposed on those with points.

**Schedule Rating:** A method of developing property and liability insurance premiums by applying debits or credits within established ranges for various characteristics of the risk, which are either above or below a schedule of standards.

**Seat Belt:** A lap or shoulder belt in a vehicle designed to prevent the occupant from striking the windshield or other interior surfaces in the event of a collision. A manual lap belt must be fastened by the occupant, whereas an automatic shoulder belt fastens by itself when the door is closed. The latter is an example of a passive restraint device. **See:** [passive restraint system](#).

**Sex:** A distinction used in developing rates that assumes that life expectancy, health costs and frequency of accidents differ between males and females. For example, women usually live longer than men, and young women are usually safer drivers than young men. However women have claimed that they have not received the premium reductions these statistics would support.

**Single Limit:** An aggregate limit of liability coverage for bodily injury and property damage in one accident or occurrence. **See:** [combined single limit](#).

**Snowmobile Coverage:** Coverage (ISO form CA 20 21) that can be endorsed to an automobile policy that covers physical damage to snowmobiles on a named perils or all-risk basis. An endorsement (ISO form HO 24 64) to the homeowners policy that extends coverage under Section II (personal liability and medical payments) to snowmobiles scheduled on the endorsement. Coverage does not apply to snowmobiles that are subject to motor vehicle registration, used to carry paying passengers, used for a business purpose, rented to others, or operated in any organized competition.

**Special Package Automobile Policy:** An obsolete automobile policy form created in the 1960s that provided a single limit of liability for bodily injury and property damage and a corresponding limit for medical payments. Physical damage coverage could be included as a separate item.

**Split Limits:** Separately stated policy limits for different coverage's. The limits may be stated per person, per occurrence, or per policy period, or may be split between bodily injury and property damage. Example: An auto liability policy with limits of \$200,000/\$500,000/\$100,000 has a maximum of \$200,000 bodily injury coverage for each person, \$500,000 for bodily injury per accident, and \$100,000 for property damage liability per accident.

**Stated Amount:** A method of writing automobile physical damage coverage where the limit that can be recovered in the event of a total loss cannot exceed the amount of insurance specified for the vehicle. It is used for older vehicles whose value after a loss might be difficult to establish. An amount of insurance scheduled in a property policy that is not subject to any coinsurance requirement in the event of a loss. The amount scheduled is the maximum amount of insurance available in the event of loss.

## I

**Temporary Substitute Automobile:** A rented or borrowed auto for an insured to use while the insured's damaged vehicle is being repaired. Part of the cost of a temporary car is usually covered by an auto insurance policy.

**Threshold Level:** This is the level at which an insured may start a tort action under a modified No-Fault Auto Plan.

**Towing and Labor Costs:** An optional automobile coverage (ISO form PP 03 03) that can be added to the physical damage coverage that provides reimbursement up to a specified limit for towing or on-site labor costs.

**Trailer Interchange Agreement:** A written agreement that transfers a trailer containing cargo from one trucker to another for the continuation of a trip. Commonly, the agreement requires the trucker using the trailer to reimburse the one who owns the trailer for any damage while it is in his or her possession.

**Trailer Interchange Insurance:** Insurance coverage for truckers who frequently trade trailers under an agreement that makes them responsible for any damage to a trailer in their care or custody. It covers the insured's liability for damage to a trailer not belonging to the insured.

**Transportation Expense Coverage:** Coverage under an automobile policy's physical damage section for the cost of substitute transportation should the covered vehicle is stolen.

**Trick and Device Exclusion:** An exclusion in some automobile dealers' physical damage policies that eliminates coverage for losses due to fraudulent acts, such as a customer stealing a car under the pretense of test-driving or paying for a car with a bad check.

### **Trucker:**

**Truckers' Coverage Form:** An Insurance Services Office policy (ISO form CA 0012) providing liability, physical damage, medical payments, and uninsured or underinsured motorist coverage's for a trucker. It has ten classifications of covered vehicles, coded by numbers, as follows: 41. Any auto: the broadest classification, providing coverage for owned, hired, and non-owned vehicles. 42. Owned autos only: vehicles owned by the insured, including any acquired during the policy period, plus liability coverage for non-owned trailers connected to a power unit owned by the trucker. 43. Owned commercial autos. 44. Owned autos subject to no-fault: coverage only for no-fault or personal injury protection on vehicles located in no-fault states. 45. Owned autos subject to compulsory uninsured motorist law: vehicles located in a state where uninsured motorist coverage is compulsory. The required coverage is provided under the policy form. 46. Specifically described autos: vehicles listed in the policy. Coverage is limited to 30 days for newly acquired vehicles. 47. Hired autos only: A vehicle that is leased rented or borrowed. 48. Non-owned trailers in insured's possession. 49. Insured's trailers not in insured's possession. 50. Non-owned autos: vehicles of employees or partners while used for business purposes.

**Truckers Down-time Insurance:** Lost earnings insurance for truckers that provides coverage when a tractor or trailer cannot be operated because of a collision, fire or other insured peril. The coverage has no daily limitation, and is an "actual loss sustained" form. Coverage can include payments on a financed unit and the cost to lease a replacement unit while a damaged one is being repaired.

### **Truckers Insurance:**

#### **Truckers Legal Liability Insurance:**

**True Group Insurance:** An insurance program organized through an employer, union or association, offering all employees personal automobile insurance regardless of their types of vehicles or driving records. This can result in a savings to employers, but the underwriter usually reserves the right to exclude bad drivers (those with a number of points or chargeable offenses) or to write them on a substandard basis. An insurance program through an employer, union or association that accepts all group members for coverage regardless of physical condition. This generally results in a savings for employees, but the underwriter usually reserves the right to cover some employees on a substandard basis.

## U

**Underinsured Motorist Coverage:** Coverage that may be endorsed to an auto policy to pay damages for bodily injury to its own insured, in excess of the insurance of another motorist who is legally liable for such damages but who has inadequate liability coverage.

**Uninsured Motorist Law:** State legislation in most states requiring insurers who write automobile insurance to offer all of their policy holders' protection against uninsured motorists.

**Uninsured Motorists Coverage:** Coverage that must be offered to insured's in many states and which, when added to an automobile policy, pays damages for bodily injury to its own insured for which an uninsured motorist is legally liable but unable to pay.

**Unsatisfied Judgment Fund (UJF):** A fund established in some states to reimburse people injured in auto accidents that have been unable to collect awards for damages against those responsible for the loss.

## V

**Valued Clause:** A provision in some automobile and property insurance policies stating the value of each insured item.

**Valued Policy:** An insurance policy in which the value of the insured item is defined and agreed at the commencement of the policy. In the event of a total loss the agreed amount is paid by the insurer without the need for further proof of value.

## Z

**Zone Rating:** A method used to rate commercial auto policies, where units are larger than a light truck and are operated over 200 miles in distance from the garage location.