

Auto Policy Exclusions

Besides proving that you're a responsible driver, having auto insurance also means that you're complying with your state's requirements for driving on its roadways. However, even if you have auto insurance, there are still instances, called exclusions, when your policy won't provide coverage. Why should exclusions exist in an insurance contract? There are several different reasons for exclusions:

- help contain the expense of providing insurance;
- prevent coverage under one type of policy that should be covered; and
- prohibit coverage for losses that are against public policy.

Let's look at these reasons more closely.

Help contain the expense of providing insurance - If your auto policy had to cover every imaginable loss, it would also have an unimaginable premium. Auto insurance is affordable only if insurance companies can exert some control over the losses their policies can be expected to cover. Therefore, automobile policies generally contain exclusions against accidents which involve:

- injuries caused directly or indirectly by a nuclear weapon, reaction radiation or contamination; or by war, civil war, insurrection, rebellion or revolution.
- injuries involving any vehicle inside a facility designed for racing while preparing for, or competing in, a race.

The first instance involves losses that are beyond any insurance company's ability to control and to pay for. The second instance involves losses that are strictly under an individual's control (so it isn't accidental). Insurance companies certainly want to avoid situations where their customers choose to put themselves and their cars in an excessively dangerous position.

Prevent coverage under one policy when it should be covered elsewhere - Most automobile policies won't provide coverage for a loss or injury which:

- happens while in a vehicle that has fewer than four wheels
- occurs while the vehicle is transporting persons or property for profit
- happens while the vehicle is being used as a residence
- occurs while on the job, and workers compensation coverage is either available or required for the bodily injury
- takes place while an insured making use of a vehicle he owns or has regular access but the vehicle is not listed on the automobile policy.
- involves a vehicle that's being used in an insured's "business."

These limitations are fair. Their purpose is to make sure that coverage that you buy for your own car, van, SUV, hybrid or truck listed on your policy does not also handle situations that should be addressed by either another person's auto policy, a worker's compensation, a business policy, by a specialty policy (such as racing events coverage) or other types of policies.

Prohibit coverage for losses that are against public policy - Some examples of this reason are when coverage is denied for losses:

- occurring when the injured person is occupying a vehicle knowing that she or he does not have the vehicle owner's permission
- that were fraudulently staged by the vehicle's owner in order to collect insurance for "phantom" injuries.
- That were deliberately caused by the vehicle operator

Insurance would be impossible to afford if it were expected to pay for injuries to car thieves, to people who fake accidents and injuries or to persons who intended to injure another person or damage property.

So remember, without reasonable exclusions, you or I would not be able to enjoy the protection and security that is offered by automobile insurance. If you have questions about exactly what is excluded by your policy, talk to your insurance agent.

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