

Commercial Auto Medical Payments

Typically, auto policies written for commercial operations that include a vehicle exposure (Business Auto, Garage, Trucker, and Motor Carrier Coverage) are missing an important coverage: Auto Medical Payments. This coverage handles the reasonable expenses of necessary medical and funeral services suffered by persons (other than those listed as insureds) in an eligible loss. The coverage includes expenses from related sickness, disease and/or resulting death. Usually such expenses have to take place within three years of the date of an eligible loss. Such coverage is extremely important to businesses that carry passengers or that allows persons other than the insured to ride in or drive vehicles.

One purpose of the coverage is to quickly pay an injured party's medical expenses from a covered accident in order to minimize the chance of a claim or a lawsuit. A second reason for the coverage is related to the first. If an insured's customer or client is injured, the insured will want to provide immediate aid. The action could result in retaining the customer/client's future business and goodwill.

Consider this situation. Fred's Flavorfill Pizzeria is covered by a standard commercial automobile policy. One day Jenny, an assistant manager, jumps in a Flavorfill sedan to make a delivery. Patty, Jenny's sister who is visiting her, accompanies her. Jenny starts the car and, as she starts out of the Flavorfill lot, she has to swerve the car to avoid a customer who makes a fast, wide turn into the lot. Jenny hits the pizzeria's sign support and, in the collision, Patty's head is violently slammed against the passenger side window.

Scenario One – The pizzeria's commercial auto policy does not have medical payments coverage. A couple of weeks after the accident, Fred receives notice that Patty is filing a lawsuit.

Scenario Two – The pizzeria's commercial auto policy is endorsed with a CA 99 03, so it does have medical payments coverage. Fred is able to tell Patty that his insurer will take care of the ambulance and treatment costs. A couple of weeks after the accident, Fred gets a note from the happily recovered Patty, thanking Fred for handling the emergency medical costs.

Another situation that would benefit from auto medical payments coverage are for businesses that rent vehicles for business operations. Medical payments coverage would also extend to passengers injured while occupying rented cars or trucks.

Auto medical payments, added as an optional coverage (for additional premium) must change the way the policy to which it's attached works. It does so by expanding what persons qualify as covered persons. For example, if the policy is written to cover a sole-proprietorship, the covered persons are expanded to apply to the businessowner's family. It also expands protection to apply to persons who are occupying or similar incidences of auto use (rather than restricting coverage to vehicle drivers). Further, medical payments coverage applies to injuries related to a loss involving a vehicle that is a temporary substitute for a vehicle that is listed as owned by the covered business.

Exclusions

A number of situations don't qualify for auto medical payments coverage such as:

- Injury that occurs when a car or truck is being used as a premises.
- Injury that is experienced by a covered person while operating or occupying a car that he or she owns, but which is not listed on their commercial auto policy
- Injury suffered by an employee of a covered person when the loss also involves their job (such protection is usually provided by workers compensation insurance).

There are other situations that are excluded from auto medical payments protection, but it is still a valuable coverage that many businesses should discuss with an insurance professional.

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