

221f005 Garage Operations

Garage operations are businesses that have hybrid coverage need. With such businesses, the lines between the general liability for the operations and the automobile liability exposures blur and overlap. A general liability policy does not provide enough coverage and a commercial auto policy provides too much. Fortunately there is a way to properly handle this need.

The Garage Coverage Form contains premises liability, products liability, automobile liability and automobile physical damage coverages. Operations that should be protected with the Garage Coverage Form include the following:

- franchise and non-franchise auto dealers
- truck dealers
- motorcycle dealers
- snowmobile and recreational vehicle dealers
- new and/or used trailer dealers
- vehicle repair shops
- service stations
- storage garages and
- public parking places

The Garage Coverage Form is flexible, having the ability to cover a wide variety of automobile loss exposures. Besides covering vehicles that are owned by the covered business, it may also cover vehicles that are non-owned (rented or borrowed), trucks and other non-private passenger vehicles, trailers and mobile equipment. Coverage may even apply to vehicles that are privately owned by employees, but were involved in a work-related loss; say an employee who has a collision in his personal car while returning from picking up lunch for his boss and co-workers.

A garage policy may also be written to customize how coverage applies to different types of vehicles. For instance, Joe's Towing Service has a fleet of four tow trucks, as well as a sedan used by the owner. The towing service also does repairs and regularly has customer vehicles on their premises. Rather than having both liability and physical damage on all cars the services either owns or handles, Joe selects the following:

- Liability and Physical Damage - for his two newer tow trucks and his sedan.
- Liability only - for his two, older tow trucks
- Physical Damage Liability only - for vehicles belonging to customers

Like other types of policies, a garage coverage form also provides legal defense coverage. In other words, the policy handles the costs associated with defending the policy owner against claims and lawsuits. This protection does not affect the separate limits of insurance that are selected for the liability coverages.

If you are involved in a business that is exposed to a higher than normal level of automobile liability, perhaps you should seek an insurance professional and explore whether you need the protection of the Garage Coverage Form.

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