

Garagekeepers' Liability Coverage

Many businesses have to pay close attention to their chance of suffering a loss that involves their use of vehicles. When considering the likelihood of such a loss, a business owner may have blinders on and fail to recognize the scope of its situation. It's relatively easy to recognize loss that may be created by cars and trucks that are owned and/or used in a business, such as sales representative cars or delivery vans. But there's another source of vehicular loss that is faced by many businesses: vehicles that suffer damage after they have been left in your custody.

Certain operations that deal with autos, such as repair shops, towing services, garages, new and used (pre-owned) dealers, etc. have their coverage needs handled by garage insurance. That type of coverage is suited for businesses where handling customers' cars is an inherent part of their normal operations. However, there are many other businesses that can be held responsible for damage to cars belonging to clients even though the businesses aren't involved in auto repairs or sales. Such businesses should look into buying Garagekeepers' Liability coverage.

Garagekeepers' Insurance is an option that can be added to various types of commercial automobile insurance. The businesses that may want to purchase this coverage are service stations, restaurants and hotels with valet parking, parking lots, special event operations with valet parking, car washes, and any other type of operation which allows customers to leave their cars with them for a fee. The customer has the reasonable expectation that the car will be returned in at least the same condition as when it was left.

The coverage is needed because a basic commercial auto policy bars protection for automobiles that are put in an operation's care, custody or control. However, if the optional Garagekeepers' coverage is added, the business is protected for most sources of loss that could damage a customer's car, pickup or SUV.

Example: Plonkville Performing Arts Center has become very popular and, because of huge audiences for its performances, the Center purchased land adjacent to it and built a parking garage. The Center offers valet parking and also allows its employees to use the facility. Plonkville has a commercial auto policy to cover the vehicles it owns and supplies to the Center's key personnel. One day, a small fire breaks out in the parking garage offices and several vehicles are damaged. Patrons who owned the damaged cars file claims totaling nearly \$10,000. Two cars belonging to the Center suffer \$3,500 in damages.

Scenario One - Plonkville Performing Arts Center's commercial auto policy did not have garagekeepers' liability coverage added. While their policy takes care of the smaller loss to the Center's cars, the customer car damage is ineligible for coverage.

Scenario Two - Plonkville Performing Arts Center's commercial auto policy did have garagekeepers' liability coverage added. Their modified policy takes care of both the smaller loss to the Center's cars as well as the customer car damage.

If your business faces a significant chance of loss from its responsibility for vehicles belonging to others, you should discuss your coverage needs with a qualified insurance professional.

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