

Commercial Automobile Insurance Manual

★Section VI—Garages

A. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW

86. ELIGIBILITY

- A. This subsection applies to any form of business engaged in one or more of the operations classified in paragraph B. of this rule to which a dealer plate has been issued by the Registrar of Motor Vehicles.

These classifications shall be written on the Massachusetts Garage Insurance Policy. Use Policy Form MM 00 95.

B. Classification and Codes

Only one classification and code applies to a risk for both liability and physical damage coverages. If providing only physical damage coverage, use the limited liability coverage code.

		<u>Limited</u>	<u>Unlimited</u>
a.	Franchised private passenger automobile dealer (with or without any other type of franchise)	73010	73020
b.	Franchised truck or truck-tractor dealer (with or without any other type of franchise except private passenger automobile franchise)	73110	73120
c.	Franchised motorcycle dealer including all two wheeled cycle vehicles (no private passenger or truck franchise)	73210	73220
d.	Franchised residence type mobile home trailer dealers	78200	78210
e.	Franchised commercial trailer dealers	78300	78310
f.	Franchised recreational vehicle dealer (no private passenger, snowmobile or residence type mobile home trailer franchise)	73310	73320
g.	Other franchised self-propelled land motor vehicle dealer, including motor homes and campers	73410	73420
h.	Non-franchised dealer (any risk described above that is not a franchised dealer)	73510	73520
i.	Equipment and implement dealer (no other franchise)	73610	73620

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A. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW (CONT.)

87. LIABILITY COVERAGE

A. Limited Liability Coverage for Customers.

1. This coverage is available for franchised dealers and non-franchised dealers.
2. Except for the Massachusetts compulsory coverages, Limited Liability Coverage is afforded to customers only if there is no other automobile liability insurance or if the limit of other insurance is lower than any financial responsibility requirement.
3. Limited Liability Coverage does not affect the coverage afforded the named insured, employees, directors, or partners.

B. Unlimited Liability Coverage for Customers affords full liability coverage to customers.

Note: The rates shown in the Rate Section are for Unlimited Liability Coverage.

88. PREMIUM DEVELOPMENT

Liability, Personal Injury Protection, Uninsured Motorists, Underinsured Motorists

Determine the rating territory from the Territorial Definitions based on the street address for each location.

Compute the advance premium at inception and the earned premium as developed by audit, if subject to audit, according to the following procedures:

A. Covered Auto Coverage (Unlimited Liability Coverage for Customers)

1. Apply the rate per plate shown in the Rate Section for each dealer registration plate issued to the named insured by the Registrar of Motor Vehicles. A vehicle that is specifically registered by the named insured must be rated on a specified car basis according to its actual exposure.

Refer to the Rate Section for premium determination of garage trailer plates (Class Code 07090).

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A. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW (CONT.)

88. PREMIUM DEVELOPMENT

If the named insured has more than one place of business, the rate for each plate shall be the rate for the location in connection with which each plate is used. If a plate is used in connection with more than one location, the rate for the highest rated location shall apply.

The premium at which the policy is originally issued shall be based upon the original number of dealer plates issued to the named insured by the Registrar of Motor Vehicles.

Upon application by the named insured for additional plates, the named insured shall pay to the company the additional premium required which shall be computed on a pro rata basis. For plates surrendered to the Registrar of Motor Vehicles during the policy period the earned premium shall be computed on a pro rata basis.

B. Automobile Coverage (Limited Liability Coverage)

1. Limited Liability Coverage may be provided by reducing the premium charged for Optional Bodily Injury Liability coverage and by reducing that portion of the Property Damage Liability premium providing coverage in excess of the basic limit.
2. Refer to the Rate Section for premium determination.

C. Other Than Covered Autos Coverage

The premium for this coverage is based upon the rates as shown in the Rate Section, applied to each \$100 of the named insured's estimated annual payroll.

Compute the advance premium at inception and the earned premium as developed by audit separately for each location according to the following procedures:

1. Liability
 - a. Multiply the rates per \$100 of payroll shown on the rate pages by the estimated annual payroll.
 - b. The payroll for each employee must be the actual salary subject to a maximum of \$100 per week. All active proprietors or officers must be included at a fixed amount of \$100 per week. Do not include inactive proprietors or officers.

A. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW (CONT.)

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88. PREMIUM DEVELOPMENT (Continued)

2. Minimum Premium

- a. The minimum premium shall be the minimum shown in the Rate Section applied separately to each location.
- b. Charges for other coverages shall apply in addition to the minimum premium.

3. Aggregate Limit

- a. The combined single limit of liability rates displayed in the Rate Section for Other Than Covered Autos reflect an aggregate limit of three times the otherwise applicable per accident liability limit.
- b. For aggregate limits applicable to losses of other than three times the per accident limit, multiply the rates by the appropriate factor shown in the Rate Section.

89. MEDICAL PAYMENTS INSURANCE

Auto Medical Payments Coverage and Garage Locations and Operations Medical Payments Coverage

- A. The percentages shown on the Garage Medical Payments Percentage Table in the Rate Section are applicable to the total Bodily Injury premium for Compulsory Bodily Injury Liability Coverage and Optional Bodily Injury Liability Coverage for covered autos.
- B. Note: If the liability coverage is limited in accordance with the Limited Liability Coverage Rule, the percentages for the limits shown are applicable to the total Bodily Injury premium prior to the application of the discount.
- C. Use Auto Medical Payments Coverage Endorsement MM 99 13 to provide auto medical payments insurance. Use Garage Locations and Operations Medical Payments Coverage Endorsement CA 25 05 to provide garage locations and operations medical payments insurance.

90. ADDITIONAL PROVISIONS

A. Elevators and Escalators

- 1. Liability coverage for elevators and escalators is included, a charge shall be made for legally required inspections made by or for the company.

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A. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW (CONT.)

90. ADDITIONAL PROVISIONS (Continued)

- B. To extend the policy to apply to the liability of a political subdivision in connection with certain permits it may require at the premises of the named insured, use Additional Insured (Municipalities) Endorsement MM 25 98.

Rules 91-94. Reserved for Future Use.

B. GARAGEKEEPERS INSURANCE

95. ELIGIBILITY

Garagekeepers insurance may be issued only to a single garage owner or operator described in this section. Do not group two or more garage owners or operators in a single policy.

96. PREMIUM DEVELOPMENT

- A. Determine the type of coverage to be afforded:
1. Legal Liability
 2. Direct Coverage - primary basis (without regard to legal liability)
 3. Direct Coverage - excess over customer's policy (without regard to legal liability)
- B. Rating basis - maximum limit of liability.
- C. Show each location with its limit of liability.
- D. Charge the premium shown in the premium table displayed in the Rate Section for the total of the limits of liability covered under the policy for all locations.

97. PREMIUM DEVELOPMENT—CUSTOMERS' SOUND RECEIVING EQUIPMENT

A. Application

Comprehensive coverage, excluding theft, and collision coverage for sound receiving equipment in a garage's care, custody or control may be provided. Use Garagekeepers Coverage – Customers' Sound Receiving Equipment Endorsement CA 99 59.

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B. GARAGEKEEPERS INSURANCE (CONT.)

**97. PREMIUM DEVELOPMENT—CUSTOMERS' SOUND RECEIVING EQUIPMENT
(Continued)**

B. Premium Development

Determine the maximum limit of liability for customers' sound receiving equipment in a garage's care, custody or control at any one time. If more than one location, show the applicable limit for each location.

Use the premium shown in the Garagekeepers' Premium Tables for Other Than Collision and Collision as displayed in the Rate Section for the total of the limits of liability covered under the policy for all locations and apply the following factors:

1. For Comprehensive – excluding theft - .50
2. For Collision - .40

C. GARAGE PHYSICAL DAMAGE COVERAGE

98. DEALERS PHYSICAL DAMAGE COVERAGE

A. This coverage applies to:

1. Autos owned by a dealer or non-dealer and held for sale;
2. Autos owned and used in the named insured's business, including demonstrator autos and service vehicles;
3. Autos on consignment if specifically indicated on the declarations;
4. Autos held by the named insured pending delivery after sale except as to loss for which the interests of the purchaser are covered by insurance.

B. The rates and premiums for this coverage are applicable for all autos in accordance with the following:

1. Franchised Dealers—risks that have a franchise issued by an automobile manufacturer for the sale of new automobiles and are engaged in the sale and services of automobiles, and have been granted a Class 1 license as defined in Section 58, Chapter 140, G.L.

Charge 100% of the applicable manual rate for all coverages.

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C. GARAGE PHYSICAL DAMAGE COVERAGE (CONT)

98. DEALERS PHYSICAL DAMAGE COVERAGE (Continued)

2. Non-Franchised Dealers—risks that are primarily engaged in the sale of automobiles that are not franchised dealers as described above, and have been granted a Class 2 or Class 3 license as defined in Section 58, Chapter 140, G.L.

Charge 110% of the applicable manual rate for all coverages.

3. Non-Dealer Risks—develop the premium by using the non-reporting basis in paragraph B.2. of this rule and charge 110% of the applicable manual rate for all coverages. Use Endorsement MM 20 27

C. Rating Basis

1. Reporting basis - use a reporting form to report the estimated inventory of a dealer risk.
 - a. Charge the insured, on a monthly or quarterly basis, the premium earned during the preceding month or quarter.
 - b. Retain any deposit premium to be credited against the final payments.
 - c. Determine an estimated annual premium by multiplying the limits of liability shown in the policy by the annual rate.
2. Non-Reporting Basis
 1. The non-reporting basis provides for specified limits at each location subject to a pro rata distribution clause. The total of all such specified limits is the total amount insured under the policy.
 2. The specified limits for any named location may be increased, decreased or cancelled. Locations may be added pro rata.

99. PARTS, MATERIALS OR ACCESSORIES

Parts, materials or accessories kept as merchandise for sale and not attached to automobiles may not be insured under Dealers Physical Damage Coverage.

100. SPECIFIED CAR BASIS

- A. Garage physical damage coverage may be provided on a specified car basis.
- B. Charge the applicable trucks, tractors and trailers rates or private passenger type rates.

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C. GARAGE PHYSICAL DAMAGE COVERAGE (CONT.)

101. CLASSIFICATIONS

The following classifications apply for Dealers Physical Damage Coverages:

- A. Standard Open Lots are open parking storage lots enclosed on all sides by a metal cyclone or equivalent fence not less than six feet in height; or bounded on one or more sides by the wall or walls of a building, with no unprotected openings, and with the exposed sides of the lot enclosed by a metal cyclone or equivalent fence not less than six feet in height, with openings securely locked when unattended.
- B. Non-Standard Open Lots are all other open lot locations, or unroofed space and buildings not securely enclosed and locked when unattended.
- C. Buildings.

102. PREMIUM DEVELOPMENT

- A. The rates shown in the Rate Section for Dealers Physical Damage Coverages are annual rates per \$100 of value.
- B. The rates shown in the Rate Section for "miscellaneous types" apply to the following if values are reported separately:
Ambulances, Fire Trucks and Apparatus, Funeral Directors, Flower Cars, Hearses, Mobile Home Trailers, and Special or Mobile Equipment.

103. FALSE PRETENSE COVERAGE

This coverage may be written at a rate per \$100 of value. Use the total inventory value including the wholesale floor plan value.

Refer to the Rate Section for the rate. Use False Pretense Coverage Endorsement CA 25 03.

104. DEALERS COLLISION COVERAGE

- A. Specified Car - pro rate for the time at risk, the manual Collision premium for the form of coverage and the type of automobile.
- B. Blanket Collision - if all automobiles are to be insured for Collision, charge the blanket rates shown in the Rate Section.
- C. Dealers Collision Coverage may be written on a named driver basis to insure the dealer while any automobile owned by the dealer is being operated by the named driver or while the named driver is a passenger. This coverage does not apply to dealers drive-away operations. Use Named Driver Collision Coverage Endorsement CA 25 11.

Refer to the Rate Section for premium.

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C. GARAGE PHYSICAL DAMAGE COVERAGE (CONT.)

104. DEALERS COLLISION COVERAGE (Continued)

D. Blanket Collision may be averaged.

1. Determine the average rate by using the maximum value during the past twelve months or if not available the estimated maximum value to be covered at any time during the coming twelve months.
2. Multiply the values at the specific rates to determine the premium for the various rating splits.
3. Total these premiums and divide by the total values which will result in the average rate.

105. DEALERS DRIVE-AWAY COLLISION COVERAGE

Autos while being driven, towed or carried on any other auto or trailer owned or hired by the insured from the point of purchase or distribution to the point of destination. Use the distance from the point of purchase or distribution to the point of destination to determine the mileage rating basis. This coverage is not available to drive-away contractors.

Individual Coverage

When Collision Coverage is not written on all autos - charge the per car per trip premiums displayed in the Rate Section.

Blanket Coverage

When Collision Coverage is written on all autos and drive-away operation is in excess of 50 miles - charge the premium per car trip displayed in the Rate Section.

106-109 RESERVED FOR FUTURE USE.