

# IMPORTANT INFORMATION

## COMMERCIAL AUTO

**\*\*\*This document is a generalized discussion of coverage. At all times, and in all instances, the coverage afforded by your policy is as described on your policy declaration and within the applicable policy wordings.\*\*\***

### Things we need you to tell us:

**An insurance policy can be void if certain changes occur and are not agreed to by your insurer. Some examples of such changes include:**

- **If you have made changes to your business operations** - *The use of your vehicles must be properly disclosed to your insurance company to ensure that your policy remains valid and appropriate coverage is in place.*
- **If you have purchased a new or used vehicle** - *Upon completing the registration process you must be sure to discuss the addition of the vehicle to your commercial auto policy with your broker.*
- **If a vehicle needs to be removed from the policy** - *Cancelling a registration does not remove it from your commercial auto policy. You must advise your broker of all changes.*
- **If you require a change in excess value** - *Actual cash value for vehicles fluctuates. Should you require a change in excess value for any of your vehicles with this coverage, you must advise your broker.*
- **If a vehicle is placed in storage** - *Vehicles that do not carry an active registration are eligible for an in storage coverage. This coverage can be applicable for seasonal use vehicles, items up for sale or on consignment.*
- **If your radius of operations changes** – *A commercial auto policy is rated on the typical radius that a vehicle will be operated within. When exceeding the typical radius be sure to discuss the impacts of the policy with your broker.*
- **Changes to vehicle operators** - *A driver list is maintained on a commercial auto policy. Policies that carry an " Approved Driver Warranty " must have the specific individuals listed on file with the insurer in order for policy coverage to extend.*
- **If you are hauling goods & merchandise** – *You will need to disclose the types of goods you haul, whether it be owned goods or property of others. Policy coverage does not extend coverage to property in transit. A cargo policy can be purchased for insuring these goods and to meet legal requirements.*
- **You pay out a lease** – *Removing the lease from the registration does not remove the lease status from your commercial auto policy. You must advise your broker of lease payouts.*

### Types of losses where coverage may not apply:

**Commercial automobile policies contain exclusions. It is important to refer to your policy and its applicable wording to understand your coverage. In general, the following are some of the losses that are not insured unless expressed otherwise.**

- For use to carry explosives or radioactive material
- While being rented or leased to another
- If the automobile is used as a taxi cab or vehicle for hire to carry passengers
- While the driver is impaired by alcohol or drugs
- While the driver is operating with an expired or suspended licence or outside of their approved licence requirements
- For use in any illicit or prohibited trade or transportation
- While being used in any race or speed test
- Coverage for property in transit
- Pollution liability, bodily injury or property damage arising from the discharge, dispersal, release or escape of contaminants or other pollutants are excluded.

## **Optional coverage endorsements:**

**The following are some of the common optional coverages available; these coverages apply only if explicitly stated on your policy or in your policy wording. Note: In some cases, a limit of coverage may apply as shown within your policy documents.**

- Replacement Cost Coverage
- Loss of Use
- Waiver of Deductible
- Road Hazard Glass
- Increased Liability Limits
- Deductible Options
- Non-Owned Automobiles
- Excess Value
- Environmental Liability

**\*Definitions on following page**

## **Did you know?**

- Replacement cost coverage extends from the delivery date of a new vehicle. Replacement cost differs from Actual Cash Value as the coverage does not factor in depreciation.
- The minimum requirement for mandatory auto insurance in Canada is \$200,000 in Third Party Liability. Liability limits in excess of this can be purchased on a package policy.
- Some policies contain a clause called Approved Driver Warranty. Meaning that, in order for policy coverage to respond, a driver involved in a loss must have been reviewed, approved by the insurer and listed on your driver list.
- Commercial drivers can be subject to surcharges and exclusions based on their driving history. Be sure to provide your broker with a complete drivers list for all employees who operate company vehicles.
- Non-Owned Auto coverage applies to vehicles wherein you have assumed liability by either a contract or agreement but are not owned or registered to you as the insured. You may be responsible for loss or damage arising from the use or operation from these units in your care, custody or control. Non-owned auto coverage can be purchased to insure against both physical damage and liability imposed against you by law.

**If you would like to review your current deductibles, policy limits and coverage, please contact your broker and ensure your limits are adequate.**

**Actual Cash Value:** Actual Cash Value represents the value of the vehicle in today's marketplace. When calculating the actual cash value, depreciation is applied. Actual cash value considers details such as the mileage, overall condition and other factors.

**Approved Driver Warranty:** A condition of the policy in that coverage shall only respond to loss or damage while the insured automobile is being operated by an approved person included on the file with the insurer.

**Automobile:** The automobile, trailer, or semi trailer specifically described on the declaration pages.

**Cargo Coverage:** Is not provided by a commercial auto policy. This specialty form of coverage is provided by a property policy. It is intended to provide coverage for the legal liability of the policy holder acting as a carrier, who has care and custody of the cargo of others.

**Commercial Automobile:** Any class of vehicle used to transport equipment, tools, goods, or people in relation to the insured's business as stated in the application for insurance, and any emergency services vehicle as qualified under the governing legislation where it is operating.

**Coverage Territory:** Canada, and any of the 50 states in the United States of America.

**Deductible:** An agreed specified amount that the insured must pay on a claim before the insurance company will cover the rest of the claim. This amount is agreed upon by both the insurer and the insured. An insured's obligation to pay a deductible is not based on whether the insured is at fault.

**Excess Value:** The insured value of the automobile in excess of that provided by an active registration (\$15,000 – Class A, C or D vehicles or declared value for TS class trailers in Saskatchewan). The insurer will be liable for either the Actual Cash Value of the automobile, or Total Value - whichever is lesser.

**Pollution Liability:** Provides coverage for bodily injury and property damage to third parties, relating to the escape or release of pollutants.

**Liability Limits:** Insurance that agrees to indemnify the insured for sums they may be required by law to pay to third parties as damages for bodily injury or damage to property. The maximum amount of insurance provided under a policy of liability insurance.

**Loss of Use:** Coverage for a rental vehicle if an insured loss causes your vehicle to be unavailable. Costs are covered up to the declared policy limits.

**Non-Owned Automobile:** An automobile not owned in part, or registered to the named insured in which coverage for physical damage and liability is provided by via optional endorsement.

**Occupant:** The driver and any passengers while they are in the auto or getting in or out of it.

**Replacement Cost:** Represents the purchase price of the vehicle. This form of coverage is only available on brand new vehicles and the coverage must be added within 120 days from the delivery date of the vehicle.

**Road Hazard Glass:** Glass coverage for when damage is caused by an object that was thrown up or fell from another vehicle, subject to the deductible as shown on declaration pages.

**Waiver of Deductible:** When coverage is declared on the declaration pages, if the insured automobile is directly damaged by hitting or being hit by an animal or bird your deductible can be waived.