

Chapter 10 PAP

Emphasize Liability Protection

Sufficiently Broad to include:

Vicarious liability

Comparative / Contributory
Negligence

Guest Hazard Statute

Policy Coverages:

- Part A - Liability
- B - Medical Payments
- C - Uninsured Motorists
- D - Damage to your Auto
- E - Duties after accident or loss
- F - General Provisions

Declarations Section

→ Who is Insured?

Named Insured
Members of the Family
Household Residences

Those using the auto with
permission of the insured

Coverage applies to use of auto for
personal not business pursuits

Single limit = limit for all types of
damage an insured may cause
in one occurrence.

Split Limits 25/50/5

⇒ { Bodily injury

- max \$25,000 any one injured person
- max \$50,000 for any one accident
- max \$5,000 for property damage liability

Primary Coverage - Coverage on the Car involved in the accident.

If driver has different insurance, that Coverage is secondary.

- Exclusions :
- ① Business Pursuits
 - ② Intentional injury
 - ③ Use of auto without permission
 - ④ Vehicle with fewer than 4 wheels
 - ⑤ Cars/Vehicles, other than the one declared, owned by the insured - used regularly

Part B = Medical Payments

for insured, family members injured as a result of an auto accident

3 year claim limit.

Coverage is no-fault

Includes passengers in auto driven by an insured party.

Part C = Uninsured Motorist Coverage

⇒ Protection from financially irresponsible drivers

Coverage is fault based - must have a judgment

State Response to Uninsured Motorists:

Financial Responsibility Law -

evidence to retain driver's license or
auto registration

Established after an auto accident, or
arrest for serious traffic violation

Compulsory Insurance Laws -

must show appropriate amt. of insurance
before State issues auto license plates

Unsatisfied Judgment Funds =

Some States use revenue from license plate sales / insurance premium taxes to compensate victims of uninsured motorists

Underinsured Motorist Coverage

⇒ gaining in popularity

Part D Damage to your Car

Collision

Other than Collision

Loss Settlement:

Actual Cash Value

Cost to Repair or Replace

Repair/Replacement results in better quality - will not pay for betterment only up to like quality

Duties After an Accident

- ① Notification, reporting, proof of loss
- ② Co-operation
- ③ Prompt delivery of papers
- ④ Submit to exams
- ⑤ Avoid statements that would impose liability or negligence after an accident.

General Provisions

Bankruptcy of insured does not
relieve insurers obligations

Fraud voids the policy

Subrogation

Territory Covered: Canada, Puerto Rico

? US are covered territories

Mexico? other foreign countries are

Not

Assignment

Cancellation of the Policy