Chapter 10  PAP

Emphasize liability protection sufficiently broad to include:

Vicarious liability
Comparative/Contributory
Negligence

Guest Hazards Statute

Policy Coverage:

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

Who is Insured?

Named Insured
Members of the Family
Household Residents
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

- 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 amount of insurance before State issues auto license plates
Unsatisfied Judgment Funds

Some states use revenue from license plate sale/insurance premium tax 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
0. Notification, reporting, proof of loss
1. Cooperation
2. Prompt delivery of papers
3. Submit to exams
4. Avoid statements that would impose liability or negligence after an accident.
General Provisions

Bankruptcy of insured does not relieve insurer of obligations

Fraud voids the policy

Subrogation

Territory Covered: Canada, Puerto Rico, US and Canada territories

Mexico and other foreign countries are Not

Assignment

Cancellation of the Policy