

Drive Other Car Coverage – Part Two

In Part One, we mentioned that households who don't have personal auto coverage because the vehicle they use is owned by a business face coverage gaps. The gaps are due to the limitations of basic commercial auto coverage. However, the problems may be addressed by adding an option called Drive Other Car Coverage. The option is usually flexible to meet various needs.

The additional protection allows liability coverage to be extended to non-owned or hired vehicles. If every person in the household is listed, this coverage extension applies to everyone. The amended policy would then be available to provide liability coverage for any auto that is hired or borrowed by household's members. There are two exceptions. First, no member of the household can own the vehicle. Second, the vehicle cannot be one that anyone in the household is working on in the course of running a business as a car dealer, repair operation or parking lot.

Let's revisit Joe from Part One. Remember that Joe hit a minivan when he ran a stop sign. The accident happened while he was operating a friend's car. If Joe's commercial auto policy was amended by a Drive Other Car form, he would have coverage up to the amount that appears in that form. Coverage would apply to the damage and injury caused by Joe.

A Drive Other Car Coverage form extends Auto Medical Payments And Uninsured And Underinsured Motorists Coverage to protect non-owned and hired vehicles when driven by any member of the insured household. Family members include any person related by blood, marriage or adoption to the individual listed on the form, provided they are a resident in the household. Wards and foster children are included in the definition. Note that all of the above coverages must also appear as selections in the form. They must also appear with respective insurance limits.

A Drive Other Coverage option typically expands coverage by changing a commercial auto policy's definition of "Who is an Insured." The named individual and all of his family (who reside in the household) become insureds under the auto policy but only for the items where a premium is indicated and only while the individual or the family member are traveling in an auto not owned by the insured nor the individual listed nor any of the family members. For instance, in Part One we discussed Cindy, who was injured as a passenger while returning home from a shopping trip. Under the modified policy, Cindy would be covered for underinsured motorist coverage up to the limit scheduled in the endorsement.

Another issue handled by a Drive Other Car Coverage option is Physical Damage Coverage for non-owned or hired vehicles. Usually this coverage is extended to the scheduled individual and spouse only. There is no coverage for family members and there is only coverage for the spouse if the spouse lives in the scheduled individual's home.

The coverage expands the definition of covered auto to include a private passenger type vehicle that is under the control of the scheduled individual and the spouse. The auto cannot be owned by the individual or any family member and cannot be used by the individual or spouse in a business operation involving car repair, car sales or parking. In the situation in part one featuring Ginger and Jake, the same tree abuse happens during the test drive, but this time the company policy on her husband's car is modified by a Drive Other Car Coverage option. That insurance will pay Jake for the damage to his vehicle. After the repairs, Ginger may well go ahead and buy it.

If your household's vehicle situation is similar to what has been discussed by this two-part article, you might want to get together with an insurance professional to arrange for proper coverage.

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