

Upgrade Your Clients' Coverage with Garagekeepers

AGENTS WHO ARE SEEKING TO ROUND OUT their clients' insurance portfolios should consider garagekeepers' insurance. Garagekeepers is a commonly misunderstood coverage, starting with the identification of all of the types of business that may need the coverage. Garagekeepers is not just for garages or service stations. It is designed to protect customers' vehicles when they are in the insured's care or control for a variety of reasons, including parking, repair, service and storage. Many non-auto type risks, including restaurants, hotels and other businesses that offer valet parking services, also have a garagekeepers' exposure. This is in addition to the more obvious "auto risks" such as car washes, auto detail shops, stereo and electronics installers, new and used car dealers, or towing companies that store or work on cars at their premises.

Garagekeepers provides physical damage coverage – comprehensive (or specified perils) and/or collision – to repair damage to the customer's vehicle. The coverage limit applies per location, and deductibles may also come into play.

There are several ways the coverage may be written:

Legal Liability Basis – This coverage only applies if the insured is legally liable for the damage, such as when the insured's employee is parking the car and has an accident. In the absence of liability, there is no coverage. For example, if the insured is test driving the customer's vehicle and is hit by a third party, there is no coverage. Acts of God – such as hail damage – would also not be covered.

Garagekeepers' coverage can be a valuable and often unrecognized addition to your insureds' insurance portfolio.



Direct Primary Basis – This is "goodwill" insurance as no negligence or fault of the insured is required. The insured's policy provides coverage for any damage to customers' vehicles. There is usually a deductible that the insured must pay ranging from \$250 to \$1000 per vehicle. If multiple vehicles are involved, there could be multiple deductibles.

Direct Excess Basis – This coverage steps in after any other collectible insurance – such as the customer's own policy – is utilized. The customer must report the damage to their own carrier. The garagekeepers' coverage will reimburse the customer for their deductible.

When providing garagekeepers' coverage, important considerations include deductibles and coverage limits. Losses by theft, vandalism or malicious mischief are subject to a deductible for each auto, with a maximum

deductible per incident. For collision losses the deductible applies per vehicle with no per incident maximum.

Determining a coverage limit can be difficult. While there is no coinsurance requirement, a limit that is too low may leave the insured without adequate coverage for all of his customers in the event of a catastrophic loss, such as a tornado. A common way of selecting a coverage limit is to determine the average value, multiplied by the average number of vehicles in the insured's care at any one time. The location limit would be the maximum coverage available for any loss. A coverage limit must be selected for each location.

Garagekeepers' coverage can be a valuable and often unrecognized addition to your insureds' insurance portfolio. Understanding your insureds' exposures and providing the proper insurance coverage is the mark of the true insurance professional.

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