

*GKL – WHAT IS IT?*  
*Part Two*

Last month, we explored who should purchase the garagekeepers endorsement, and this month, we'll talk about the options available.

Once it's determined the coverage is appropriate to your situation, a discussion as to level of protection is in order. GKL purchased on a legal liability basis provides coverage *only* if you are legally liable for the loss suffered. For example, if you forgot to lock the gate and the customer's car is stolen, the insurance will respond to the loss. However, if you locked the gate and the thief cut the lock to steal the car, no coverage is provided *because you were not negligent in the loss*. A tornado tears through the location and destroys all the vehicles under your care, custody and control. No coverage because there is no negligence on your part. Naturally, this is the least expensive level of coverage and the one often purchased by auctions or by those closely counting their insurance dollars. I do not recommend legal liability GKL, because the dollars initially saved too often result in many more lost in customer dissatisfaction in the event of a claim.

The intermediate level of protection is GKL Direct Excess. Negligence and legal liability do not play a role in claims presented under this endorsement. It applies to any loss the customer suffers *after other available insurance has responded to the claim*. In other words, if your customer has physical damage coverage on his vehicle, that insurance would pay first. The direct excess option could be used to cover the customer's deductible or to pay for a substitute vehicle while the customer's auto is being repaired. In the event there is no underlying insurance on the damaged car, the direct excess becomes primary.

Sometimes not noted, even by some claims people, is the policy provision guaranteeing the election of the direct excess option will never provide less coverage than that provided by the legal liability option. This means, if the insured is negligent, the GKL will pay the full amount of the claim, subject to deductible, without consideration for the customer's own insurance.

The final, and most expensive level of GKL coverage, is direct primary. The insurance policy will respond to any covered peril loss to the customer's auto without regard to the insured's negligence or the customer's own insurance. This final option costs more up-front but may be the least expensive in the long run.

If you have more than one location, it's important to designate at which location GKL coverage is required. A separate limit of insurance must be listed for each location. If you are carrying this coverage now, I encourage you to check your policy to be sure the right limits are listed at the right location. Reviewing that info at the time a claim is presented is too late.

The last item I want to talk about today is perils covered. The choices are: comprehensive, specified causes of loss and collision. The real decision is in choosing between the first two, as collision is normally part of the package. Comprehensive coverage includes loss from any cause *except* the

covered auto's collision with another object or the covered auto's overturn; those losses are collision losses. Specified perils provide protection *only for losses caused by:* fire, lightning, explosion, theft, mischief or vandalism. Specified perils exclude "acts of God" such as wind, hail, earthquake and flood. I always recommend comp because it includes those perils and all other risks of loss not excluded. If you carry GKL, check your policy now.

Space prevents us from discussing several GKL areas including deductibles, how to determine a proper limit, whether or not co-insurance applies, and insuring auto equipment. We'll save those topics for another day.

In the meantime, do not hesitate to contact me. I'm eager to receive your feedback, questions and comments. If you have specific subjects or insurance concerns you want highlighted or discussed here, please let me know. [annmullen@mulleninsurance.com](mailto:annmullen@mulleninsurance.com) or [www.mulleninsurance.com](http://www.mulleninsurance.com). We can make this column work for you.

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