

SO NOW YOU HAVE AN AGENT

We've talked about choosing an agent to write the commercial insurance you need. Once the choice is made, the real work begins.

- *What coverages?*
- *What are the exposures?*
- *How much is too much?*

The easy answers begin with what the state requires:

- \$75,000 CSL without a wrecker
- \$300,000 CSL with a wrecker up to 26,000 GVW
- \$500,000 CSL with a wrecker over 26,000 GVW

So let's discuss those limits for a minute. Under a garage liability contract, the liability limits apply to both premises and auto exposures. Commercial auto liability applies to the damage to people and/or property for which you are liable, i.e. you were negligent in some manner. Combined single limits, CSL, lump both bodily injury and property damage into a single coverage amount. In other words, if you had an at-fault accident that involved four damaged cars, two injured drivers and destruction of a road sign, the total amount available for division among all claimants is your policy limits, whether they are \$75,000 or \$1 million.

\$75,000 CSL may satisfy the state requirement, but the real question is whether it satisfies the needs of your business. The state's liability requirement does not cap any claimant's ability to recover damages. I've witnessed a number of dealers whose doors have been closed by inadequate auto and/or premises liability limits.

Businesses that operate wreckers must carry higher limits, but the same logic applies. A wrecker on the road translates to exposures multiplied exponentially as a car is attached and/or towed. Imagine a claim involving an improperly hooked car unleashed on a busy freeway. Fifteen cars are damaged, and there are multiple bodily injuries, including a motorcycle and rider. \$300,000 is a woefully inadequate response to the damages incurred, and that dealer's business may have a brand new owner tomorrow. He won't have time to run it anyway; he'll be busy in court answering the personal lawsuit or working a second job to pay his attorney.

Many dealers discount the value of premises liability. They think of it simply as "trip and fall" coverage with little worth in the real world. The truth is: things happen and we live in a litigious society. A Texas dealer had an RV on his lot. A customer, carrying a small child and wearing flip-flops, climbed in to take a look. The day was damp and misty causing the steps to be a little slick. Need I say more? Upon leaving the RV, the customer fell, dropped the child who was transported by ambulance and the car dealer was glad his policy included \$1 million CSL limits.

My point is: you are the best judge of how much your business is worth and you know what premium you can afford. Liability is an area of insurance worth your dollars. Insist on quotes for varying levels of protection; a good agent will be happy to provide several options.

Remember, I want to hear from you: annmullen@mulleninsurance.com or www.mulleninsurance.com. Ask me your questions or share with me what topics you want discussed in this column. Let's make it work for the Texas Independent Automobile Dealers.

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