

## WHO IS THE NAMED INSURED?

When was the last time you took a close look at your garage liability policy? Well, that's too long ago! Seriously, I suggest you get it out for just a minute to read the Item One section, Named Insured, on the Garage Declarations page.

It's so easy to skip over this section. After all, your agent knows who you are and what you're trying to protect. Too often, even though the agent may know, the Policy Issue Department may make an error. In other cases, the agent may fail to ask all the necessary questions to ascertain exactly who the named insured should be. If you don't present any claims during a policy term, no repercussions will result from an improper named insured listing. However, if you have claim, the first place the company goes in determining their response is to Item One, Named Insured.

All entities with *common ownership* should be listed as named insured on the Declarations. If there are too many, "etal" can be added with a corresponding endorsement to list the additional names. Entities in which the primary named insured does not own a majority interest can be added as additional insured by endorsement.

The first named insured is the only one authorized to request cancellation of the policy and the insurance company can satisfy the cancellation notice requirement by addressing it only to the first name insured, at the last known mailing address. Only the first named insured (or the authorized representative) can request changes in the policy. Only the first named insured is responsible for payment of the premium and return premium checks will be made out to the first named insured.

Hypothetically: You own 100% of ABC Autos Inc and DEF Auto Repair, Inc. Both can be written under one policy contract to include both Hazard One and Hazard Two exposures. The premium costs can be carved out to accommodate any accounting scenarios posed by combining the two entities. Sometimes it is advantageous to combine the coverage under one contract, and sometimes it isn't. It's your agent's responsibility to compare the various approaches to solving the insurance needs to allow you to make an informed choice. The agent's hands are tied UNLESS you are fully upfront regarding your business exposures. Remember the old adage: *Full disclosure to your attorney, your CPA and your insurance agent is always the best policy.*

Once a decision is made, make sure all insured entities are listed on the Declarations page in the order you choose. If you operate as a corporation, you want to consider adding your name as "Individually Named Insured." Partnerships should reflect the names of all partners, and sole proprietors should have their names as well as their business names listed.

"Named Insured" is one line of your garage policy, but it is the beginning of any claims experience you have. Send me your questions, comments and/or concerns.

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