

# ***Commercial Auto Insurance Terms***

## **Actual Cash Value (ACV)**

A vehicle's actual cash value, also called the market value, is essentially the price someone would pay to purchase that exact vehicle today. It's determined by evaluating a number of factors, including the vehicle's age and condition, as well as any prior damage, improvements, or special equipment.

## **Additional Insured**

A company or person who may be liable for an accident that involves an insured person or vehicle can be added to the policy as an additional insured.

Example: A general contractor can be an additional insured.

## **Anti-Theft Device**

A device, either active or passive, that attempts to prevent vehicle theft. Active anti-theft devices can track and recover a vehicle and automatically contact a response center to begin the vehicle recovery process. Passive anti-theft devices attempt to prevent theft by using sophisticated electronic car alarms, simple steering wheel locks, etc.

## **Any Auto Coverage**

Any Auto coverage extends Liability insurance to hired and other non-owned vehicles, and vehicles you purchase during your policy term. It extends the same Liability coverage and limits you carry for the vehicles already listed on your policy to the unlisted vehicles. Any Auto coverage requires a contractual agreement stating the need for the coverage. Other restrictions could apply.

Learn more about

## **Bobtail Coverage**

Although Bobtail coverage is often used interchangeably with Non-Trucking Liability coverage, technically they are not the same thing. Bobtail insurance protects a tractor when it's operated without a trailer, whether or not it's under dispatch, while Non-Trucking Liability coverage only covers a vehicle when it's driven for personal, nonbusiness use.

Learn more about

## **Bodily Injury Liability Coverage (BI)**

Bodily Injury Liability is one part of Liability Coverage. If you are responsible for causing an accident, Bodily Injury Liability coverage pays for injuries/death to people involved in the accident. Bodily Injury Liability coverage also pays for legal defense costs if you are sued.

Learn more about

## **Combined Single Limit (CSL)**

CSL is a single number that describes the predetermined limit for the combined total of the Bodily Injury Liability coverage and Property Damage Liability coverage per occurrence or accident.

Example: A CSL of \$1 million pays up to a combined total of \$1 million for both Bodily Injury Liability coverage and Property Damage Liability coverage for any single accident.

## **Comprehensive Coverage**

If your insured vehicle is damaged due to an event other than a collision, Comprehensive coverage will pay for the damage. This includes damages from fire, theft, windstorm, flood and vandalism.

## **Comprehensive Coverage with Full Glass Protection**

If you need to replace a window or windshield due to a non-collision incident, Comprehensive coverage with Full Glass Protection pays to replace it and waives the standard deductible, which you would usually have to pay out of pocket. This coverage is not available in all states.

## **Collision Coverage**

When your insured vehicle overturns or collides with another object, Collision coverage pays for the damage to your vehicle.

## **Continuously Insured**

Being continuously insured means your insurance coverage was in effect at all times, without a break or lapse in coverage for any reason.

## **Corporation**

A corporation is created to function as a separate legal and tax entity, independent of the people who own and manage it. It can enter agreements, incur debts and be taxed apart from its owners. A corporation is required to file articles of incorporation with its home state, create corporate by-laws, issue stock certificates and comply with a number of corporate formalities.

## **Coverage**

Coverage is the word used to describe protection for an insured as provided by an insurance policy. A particular coverage may refer to a specific component of insurance that provides protection under a given set of circumstances.

## **Deductible**

Portion of the insured loss (in dollars) paid by the policy holder

## **Deadhead**

Sometimes also called "Bobtail coverage." Although Bobtail or Deadhead coverage is often used interchangeably with Non-Trucking Liability coverage, technically it is not the same thing. Bobtail insurance covers a tractor when it's operated without a trailer, whether or not it's under dispatch, while Non-Trucking Liability coverage only covers a vehicle when it's driven for personal, nonbusiness use.

## **Garagekeepers Legal Liability Insurance**

Garage Keeper's Legal Liability coverage was designed for towing businesses. It protects your customers' vehicles in case of fire, explosion, theft, vandalism or collision when the vehicle is at your garage or covered location for servicing, parking or storing.

## **Hired Auto Coverage**

Hired Auto coverage provides Liability coverage for a non-owned, unlisted vehicle that you have leased, hired, rented or borrowed.

## **Liability Coverage**

Liability coverage provides protection against your legal liability for Bodily Injury and/or Property Damage caused by the negligence of your employees or yourself in the operation or use of your insured motor vehicle. This coverage also provides you with legal defense costs in the event you are sued as a result of an accident.

## **Medical Payments (MedPay) Coverage**

MedPay is an optional insurance coverage that pays for reasonable and necessary medical and funeral expenses for covered persons. These expenses must be incurred as a result of an auto accident.

### **Named Insured**

The named insured is the name of the business or person who owns the insurance policy.

## **Non-Trucking Liability Coverage**

If you're under permanent lease to a motor carrier that provides your Primary Liability coverage, you could benefit from our Non-Trucking Liability (NTL) coverage with unlimited radius while using your truck for a personal non-business purpose.

Non-Trucking Liability insurance can pay for medical and associated expenses for injuries or even death that you cause to other people or for any damage caused to other peoples' property. Non-Trucking Liability insurance provides liability coverage for the truck when it's used for personal use only, such as when you are at home on your day off and use the truck to go to the movies, pick up groceries or to visit a friend. This endorsement only modifies the liability portion of your policy.

NTL does not provide liability coverage for any use that can be considered business use or to carry cargo. Trips to and from the terminal, fueling up, trips for maintenance or vehicle servicing, use during layovers, dead-heading (driving without a load), and even getting the truck washed may be considered using the auto for a business purpose. Business use would be covered by the motor carrier's primary liability insurance.

### **Non-Owned Vehicle Insurance**

Non-Owned Vehicle insurance extends the coverage provided under the Bodily Injury Liability coverage and Property Damage Liability coverage of your policy to any vehicles not owned by you or your business that are used by any of your employees for business.

### **On-Hook Towing Coverage**

On-Hook Towing Liability coverage provides physical damage coverage for a customer's auto or watercraft while you are towing it. The protection includes damage caused by fire, theft, explosion, vandalism or a collision.

### **Personal Injury Protection (PIP) Coverage**

Personal Injury Protection is the basic coverage implemented in no-fault automobile insurance states. PIP is a coverage in which the auto insurance company pays, within the specified limits, the medical, hospital and funeral expenses of the insured person, people in the insured vehicle and pedestrians struck by the insured vehicle. Depending on the state, PIP may also cover lost wages and additional expenses.

### **Primary Liability Insurance**

Primary Liability insurance is Liability coverage for all trucking situations including empty and loaded vehicles.

### **Primary Use**

Primary use is how you mainly use your vehicle. Primary use options include:

- Business use only
- Personal use only
- Personal and business use
- Nonbusiness use

## **Split Limits**

A series of three numbers (ex. \$15,000/\$30,000/\$10,000), split limits describe the predetermined maximum amounts to be paid on Bodily Injury Liability coverage and Property Damage Liability coverage per person and per occurrence or accident.

Example: A split limit of \$15,000/\$30,000/\$10,000 would pay out, per accident, up to \$15,000 in Bodily Injury Liability coverage for each covered person injured in the accident and up to a maximum total of \$30,000 for all covered people injured in the accident. It also would pay out up to \$10,000 in Property Damage Liability coverage.

## **Stated Amount**

A stated amount is the value submitted by the insured as representative of the current value of an insured vehicle, after accounting for depreciation and including the value of any special or permanently attached equipment.

## **Trailer Interchange Coverage**

Trailer Interchange coverage provides Physical Damage insurance for trailers that you do not own while they are in your care, custody or control, such as being hauled under a trailer interchange agreement.

## **Uninsured Motorist Coverage (UM)**

If a driver or owner of a vehicle does not have insurance and is legally liable for an accident, you can use UM coverage for injuries, including death, that you, your resident relatives and occupants of your insured vehicle sustain, up to the limits that you select.

## **Underinsured Motorist Coverage (UIM)**

If a driver or owner of a vehicle is legally liable for an accident but does not have enough insurance, you can use UIM coverage for injuries, including death, that you, your resident relatives and occupants of your insured vehicle sustain, up to the limits you select. In some states, UIM coverage is included as part of UM coverage.

**The complete Glossary of Insurance Terms can be found at:**

***[http://www.naic.org/consumer\\_glossary.htm](http://www.naic.org/consumer_glossary.htm)***