

Wickham Financial and Insurance Services

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Auto Insurance and Coverage of Other Vehicles



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What is it?

You own a car, and you have a personal auto policy (PAP). You have recently acquired an additional vehicle and would like to have it covered under your auto policy.

Your existing PAP can be used to insure many types of vehicles. Some new vehicles are automatically protected when you purchase them, whereas others require a written change in your PAP in order to cover them.

Standard passenger vehicles

Providing coverage for most new passenger vehicles is as easy as notifying your insurance company that you would like the new vehicle to be covered. Under most policies, this notice must be given within 30 days of when you acquire the vehicle.

Example(s): *Hal has a PAP covering an old car. He buys a new car and does not notify the insurer that he has purchased the vehicle. He has an accident with it 31 days after he bought it. Result: Hal's PAP will not cover the loss because he did not notify the insurer within 30 days.*

Your policy contains a definition of "your covered vehicle." This definition designates the vehicles that are covered under your PAP. Vehicles that are included in the definition are called standard vehicles, and they include most passenger cars and trucks. If you acquire a new vehicle during the policy period that is a standard vehicle (passenger car or truck), that new vehicle is automatically covered under your PAP as long as you ask your insurer to cover it within 30 days after you become the owner.

Caution: *Some states require you to have insurance coverage before you can register the vehicle.*

Nonstandard vehicles

The definition of "your covered auto" does not include many vehicles such as motorcycles, mobile homes, all-terrain vehicles, and dune buggies. These are called nonstandard vehicles. For your PAP to cover these types of vehicles, you have to have an endorsement added on to your policy.

Endorsements

Your PAP is a binding contract. That is, any changes to your PAP must be agreed to by you and the insurer and usually must also be in writing. Any writing that changes your insurance policy is called an endorsement. A common part of insurance policies, endorsements are typically used to make clerical changes to your policy for things such as misspelled names, and incorrect addresses. They are also used to add optional coverages that are not included in the standard policy form.

As with many written contracts, changing your PAP can be a complicated process. Commonly used endorsements, however, are available on preprinted forms that make changing your policy relatively easy.

Miscellaneous-type vehicle endorsement

The miscellaneous-type vehicle endorsement is a particular endorsement used to add other vehicles to your policy that are not included under your standard PAP. It comes on a preprinted form that makes it an easy endorsement to complete.

The miscellaneous-type vehicle endorsement allows you to change the policy definition of "your covered auto" to include the miscellaneous-type vehicles that you list in the declarations section of the endorsement.

Example(s): *Jane wants to insure her new dune buggy. Because it's a nonstandard vehicle that is not covered under her PAP, she has to have the miscellaneous-type vehicle endorsement added to her PAP.*

Caution: *This additional coverage may increase your auto insurance premium by a significant amount.*

The rest of the endorsement contains the same language as your standard PAP (including the requirement to notify your insurer within 30 days about any additional nonstandard vehicle that you wish to add to the coverage).

Passenger hazard exclusion

The miscellaneous-type vehicle endorsement allows you to exclude passenger hazard coverage for vehicles listed in your endorsement to reduce the cost of the premium. Some miscellaneous-type vehicles are much more dangerous than standard passenger autos. Because of this additional risk, passenger liability premiums for miscellaneous vehicles can be very expensive.

For each vehicle that you list in the endorsement, you must choose whether to exclude passenger hazard coverage on that vehicle. If you check the "yes" box, liability coverage is excluded with respect to injuries to passengers occupying that vehicle.

Caution: *If you choose to exclude passenger liability, remember that you are personally liable for any injuries you cause to passengers riding in your vehicle.*

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