

## **CONTINGENT COVERAGES AVAILABLE FOR AUTO LESSORS**

### **LESSORS CONTINGENT LIABILITY**

\$100,000 per person, \$300,000 per occurrence, Bodily Injury; and \$50,000 per occurrence, Property Damage (\$100/300/50).

As the Lessor and owner of a leased auto under written agreement of one year or more, the Lessor could be joined as an additional defendant in legal action if their lessee is involved in an accident and has failed to maintain liability insurance as required by the terms and conditions of his lease. Lessors Contingent Liability insurance protects their interest as Lessor if, for reasons beyond their control or knowledge, the insurance provided by the lessee is not the insurance required by the lease agreement or is not present.

### **LESSOR ONLY EXCESS LIABILITY**

The difference to \$1,000,000 CSL (or higher) per occurrence.

Minimum required underlying coverage is \$100,000 per person, \$300,000 per occurrence, Bodily Injury; and \$50,000 per occurrence, Property Damage.

As the registered owner of a leased auto, this Owner Only Excess Liability policy protects the Lessor, not only under the circumstance of a contingent liability claim, but also extends coverage in the circumstance that the lessee's insurance is present, but is not sufficient to handle a catastrophic incident.

### **LESSORS CONTINGENT PHYSICAL DAMAGE**

\$1000 deductible comprehensive/\$1000 deductible collision with a maximum limit of \$50,000 per vehicle.

As the owner of a leased auto, the Lessor could face a financial loss if his lease car has a physical damage loss and the lessee has failed to maintain the physical damage insurance required by the terms and conditions of his lease. Lessors Contingent Physical Damage insurance protects the Lessor's interest in the auto if, for reasons beyond his control or knowledge, the lessee's insurance is not present.

### **INTERIM CAR COVERAGE**

\$100,000 per person, \$300,000 per occurrence, Bodily Injury; and \$50,000 per occurrence, Property Damage (\$100/300/50) to include \$1000 ded comprehensive and collision coverages. There is a maximum physical damage limit of \$50,000 per vehicle.

If purchased, the excess policy will provide excess liability over the Interim Liability at no additional charge.

"Interim Autos" means an auto that at the time of accident or loss the Lessor owns and intends to lease to others and is not assigned to a lessee under a written lease agreement, or an auto returned to the Lessor after the expiration or early termination of such an agreement while held for sale or reassignment under a new written lease agreement. Interim Auto does not mean an auto the Lessor owns that is assigned to a specific person, organization, company, employee, or family member for their day to day use.

**AUTO LEASE CONTINGENT**  
INSURANCE PROGRAM APPLICATION

**Insured:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Phone:** \_\_\_\_\_ **Fax:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Contact:** \_\_\_\_\_ **FEIN:** \_\_\_\_\_

1. Please indicate the total number of autos you own under written lease agreement of one year or more where your lessee is required to provide primary insurance:

**Cars & Light Commercial:** \_\_\_\_\_ **Trucks over 12,500 lbs. GVW:** \_\_\_\_\_ **Trailers:** \_\_\_\_\_

2. Do you currently have Lessor's Contingent coverage? If yes, please provide the name of your current insurance company and expiration date. \_\_\_\_\_

3. Have there been any insured or uninsured contingent losses? \_\_\_\_\_ If yes, please give details (i.e. claim against the lessor because the lessee had no insurance or inadequate coverage at the time of loss). Attach separate sheet if necessary.

4. What is the term of lease? Minimum \_\_\_\_\_ months/Maximum \_\_\_\_\_ months.

5. Do you understand that vehicles leased for less than one year are not covered by Lessors Contingent Liability? \_\_\_\_\_

6. Do you require lessee's insurer to give notice of cancellation or non-renewal? \_\_\_\_\_ How many days? \_\_\_\_\_

7. Do you understand that your lease agreement must require the lessee to provide a policy with limits of liability of not less than \$100,000 per person and \$300,000 per occurrence Bodily Injury and \$50,000 per occurrence Property Damage and include your interest as an insured? \_\_\_\_\_

8. Is it your policy to promptly repossess a vehicle if the lessee fails to provide you with the insurance required by the lease agreement? Please explain. \_\_\_\_\_

9. Do you understand that it is your responsibility to maintain in your file a certificate of insurance from the lessee's insurer? \_\_\_\_\_

10. Do you deliver vehicles for lease prior to receipt of the certificate of insurance? If so, please explain the follow-up procedure. \_\_\_\_\_

11. Do you understand you must track lessee coverage during the term of the lease or begin repossession proceedings if the lessee's insurance is cancelled, non-renewed, expired, or does not meet the insurance required by the lease agreement? If not, please explain. \_\_\_\_\_

12. Do you use the services of an independent insurance tracker? If so, which company? \_\_\_\_\_

13. Are leases generated in dealerships? \_\_\_\_\_ If yes, is it your procedure to re-confirm the lessee's insurance prior to funding? \_\_\_\_\_

14. How many autos in your fleet are over \$25,000 in value? \_\_\_\_\_ Over \$50,000? \_\_\_\_\_ Over \$75,000? \_\_\_\_\_

15. What percent of your leases are: personal leases: \_\_\_\_\_% corporate leases: \_\_\_\_\_%
16. How many different lease customers do you have? \_\_\_\_\_
17. How many leases do you anticipate over the next 12 months: new leases \_\_\_\_\_ lease terminations \_\_\_\_\_
18. What % of your lessees are rated: \_\_\_\_\_% A credit \_\_\_\_\_% B credit \_\_\_\_\_% C credit \_\_\_\_\_% D credit
19. Please indicate the actual number (and **circle** type, if applicable) of the following type leases are in your portfolio:
- Public or private livery (i.e. taxi, bus, limo service, elderly transportation) \_\_\_\_\_
  - Motorcycles, driver training school vehicles, race cars \_\_\_\_\_
  - Professional or volunteer ambulances, emergency vehicles, police vehicles \_\_\_\_\_
  - Trucks in excess of 12,500 lbs. GVW or Trucker units \_\_\_\_\_
  - Autos leased for the purpose of rent, re-lease, or sub-lease \_\_\_\_\_
  - Leases where the customer self-insures their primary liability and/or physical damage \_\_\_\_\_
20. Are there any states you currently do not do business that you plan to enter? Please list. \_\_\_\_\_
21. Please indicate the number of vehicles garaged in each category:

State	Cars/Lt comm'l	Trucks x 12,500 lbs.	Trailers	State	Cars/Lt comm'l	Trucks x 12,500 lbs.	Trailers	State	Cars/Lt comm'l	Trucks x 12,500 lbs.	Trailers
AL				KY				ND			
AK				LA				OH			
AR				ME				OK			
AZ				MD				OR			
CA				MA				PA			
CO				MI				RI			
CT				MN				SC			
DE				MS				SD			
DC				MO				TN			
FL				MT				TX			
GA				NE				UT			
HI				NV				VT			
ID				NH				VA			
IL				NJ				WA			
IN				NM				WV			
IA				NY				WI			
KS				NC				WY			
<b>TOTALS:</b>											

22. Please include a complete copy (**front and back**) of your lease agreement.

By signing below I warrant that all answers to questions are true and correct to the best of my knowledge and belief; and shall constitute the basis of the policy should one be issued. I understand the signing of this application does not bind me or the Insurance Company to the insurance, and that additional information may be requested by GMI.

**Named Insured Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Producer: \_\_\_\_\_ Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

**CONTINGENT APPLICATION TRUCK ADDENDUM**

**(Complete and return only when your portfolio includes trucks in excess of 12,500 lbs. GVW)**

- 1) Describe the specific criteria used to qualify new lessees. Include detail on your requirements regarding financial strength, type of business and driver standards.
- 
- 2) What circumstances would cause you to be unwilling to lease a truck to a customer?
- 
- 3) Please comment on why you believe a prospective lessee would choose your company as their truck leasing source.
- 
- 4) Please provide the actual number (#) of units in each weight category and radius groups:
- |   |                                     |
|---|-------------------------------------|
| A. <u>WEIGHT</u>                              | B. <u>RADIUS</u>                    |
| _____ # of medium (12,500 - 20,000 lbs. GVW)  | _____ # of Local (50 mi or less)    |
| _____ # of heavy (20,001 - 45,000 lbs. GVW)   | _____ # of Intermediate (51-300 mi) |
| _____ # of extra heavy (over 45,000 lbs. GVW) | _____ # of Long haul (over 300 mi)  |
- 5) Are any trucks leased to customers that will used to haul gasoline, diesel, hazardous materials, or other flammable materials? If yes, please provide details (# of customers, # of autos, liability limits required).
- 
- 6) What are the minimum limits of liability required from all truck lessees?
- 
- 7) In addition to your leasing operation do you also rent vehicles? If yes, please indicate the insurance carrier and the effective date of coverage for your rental operations.
- 

**This application is understood to be an inducement to the issuance of a policy of insurance by company and applicant warrants that all answers to questions are true and correct to the best of applicant's knowledge and belief.**

Leasing Company: \_\_\_\_\_

Insured's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**CONTINGENT APPLICATION - LIVERY ADDENDUM**  
**(Complete and return only when your portfolio includes livery units)**

1. Total number of “livery” units in portfolio (a vehicle used to transport people whether for hire or not, i.e. limousines, van pool, airport shuttle, etc.).

\_\_\_\_\_

2. Please provide number of livery units by state of garaging (i.e. # in NJ, # in PA, # in CA).

\_\_\_\_\_

3. Do any of the livery units represent school vans or school buses used to transport children? If so, please provide details (how many, what size, etc.).

\_\_\_\_\_

4. Please provide information regarding the radius of travel on the livery units.

\_\_\_\_\_

5. What limit of liability do you require the lessee to provide on the livery units?

\_\_\_\_\_

6. How many lessees represent the total number of livery leases?

\_\_\_\_\_

7. Please provide detailed description of use on the livery units.

\_\_\_\_\_

**This application is understood to be an inducement to the issuance of a policy of insurance by the company and applicant warrants that all answers to questions are true and correct to the best of applicant’s knowledge and belief.**

Leasing Company: \_\_\_\_\_

Insured’s Signature: \_\_\_\_\_

Date: \_\_\_\_\_