

# DSD Insurance Newsletter

June 2015

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INDEPENDENT DISTRIBUTOR NEWS YOU CAN USE

## Quick Quiz . . . Your MedPay Coverage

From the Claims Desk of . . .



Tab Vines, Claims Coordinator  
DSD Insurance  
Direct: (205) 314-0076  
Toll-Free: (866) 621-1770  
Fax: (205) 406-8736

This month I want to pass along some useful information on a topic that's easily misunderstood — *Commercial Auto Medical Payments*.

Let me ask you a few quick questions . . .

1. "Do you *EVER* . . . have an employee riding in your vehicle . . . as a passenger?"  
 **Yes**  **No**
2. "Is it *POSSIBLE* . . . you might *have an accident* while an employee is a passenger in your vehicle?"  
 **Yes**  **No**
3. "Is it *POSSIBLE* . . . *your employee may be injured* as a result of being a passenger in your vehicle during an accident?"  
 **Yes**  **No**
4. "Do you *KNOW* . . . if your employee's medical expenses are *likely to be covered* by insurance?"  
 **Yes**  **No**
5. "Do you *KNOW* . . . *if you have the kind of coverage that will pay* for your employee's medical expenses if you have an accident?"  
 **Yes**  **No**

Many of our clients believe their commercial auto coverage will take care of their employee's medical expense. No. It won't. Your employees who sustain injuries as a result of their employment are covered by your Workers Compensation coverage. As an employer, you're legally required to obtain this coverage for the state where you're registered to do business. If you don't have this coverage, give me a call and we'll get you set up for it!

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**Are you paying too much? Do you have the right coverage? Are you getting all of your discounts?**

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## TRICK QUESTION . . . Non-Owned Coverage

*Would you EVER . . . want to insure something . . . that you do NOT own?*



Think about it. Carefully. Does it even make sense? Probably not, right?

Well . . . NEWS FLASH . . . not only *would* you want to do that . . . you *should!*

Here's why . . .

Let's assume your truck is awesome. It is, right?

But, it's a bit big for those 'little things' you occasionally need to do, isn't it? Something like . . . running by the stores on your route to do a quick 'pull up'.

So you ask your helper or friend to use their own car to do those pull up's for you. Now assume your helper / friend gets into an accident doing your pull ups and people are injured. What then?

You probably won't like the answer. Why? Well, even if your helper or friend carries their own coverage on their personal vehicle, the lawyers will be coming after YOU! And you know that's not going to be good.

When you ask someone to do something for your business, using *their* vehicle not yours, any liability for damages resulting from an accident or collision becomes, legally speaking, YOUR responsibility, not theirs!

That's why NON-OWNED COVERAGE is an essential coverage for you to carry. But, you may not have it!

This coverage is affordable and essential. **Call Roseann at (205) 314-0057 to make sure you have this coverage.**

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## Hired Auto / Hired Physical Damage Coverage

At DSD Insurance, we include Hired Auto and Hired Auto Physical Damage coverage in our standard policies.



We do this to be sure your policy can handle *any* liability that may possibly arise should you need to rent or borrow a vehicle for use in your business . . . other than the vehicle that's listed or 'scheduled' on your policy.

The Commercial Auto Policies of both Allstate Insurance and Hanover Insurance companies extend your Liability and Physical Damage coverage to a "Temporary Substitute Vehicle" in their regular coverage — even without Hired Auto and/or Hired Physical Damage coverage being explicitly made part of your regular policy.

### What This Means To You

Let's say your regular truck, the one that's listed on your policy, goes "out of service" because it's 'in the shop'. You decide to, *temporarily*, rent or borrow a vehicle to 'replace' the one that's in the shop being repaired. Your policy coverage *automatically extends* to the temporary replacement vehicle you're renting or borrowing.

If you do not carry Collision and Comprehensive coverage on your scheduled vehicle that goes out of service, it won't have coverage for Hired Auto Physical Damage, either.

If you do not have Hired Auto Physical Damage coverage on your scheduled vehicle, you won't have it on a temporary replacement vehicle you may need to rent or borrow to continue to do your work.

Some DSD Insurance insureds, *deliberately*, choose NOT have the Hired Auto and Hired Physical Damage coverage on their policy.



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Even so, they probably DO have *Collision and Comprehensive* coverage on their scheduled vehicle. If they then rent a 'temporary substitute' for their scheduled vehicle, that coverage will extend to the rental vehicle as well.

If your scheduled vehicle has *Hired Auto / Physical Damage* coverage, we don't have to ask whether a vehicle you may rent or borrow is a *temporary substitute* or not, because it doesn't matter. You'll have the coverage.

**Example 1:** Steve Jones, a sole proprietor, does NOT have *Hired Auto Physical Damage* coverage in his basic coverage. BUT . . . he DOES have *Collision and Comprehensive* coverage on the scheduled vehicle on his policy.



Steve's vehicle has to go in the shop for repairs. He decides to rent a replacement vehicle until repairs are done.

His *Liability and Physical Damage* coverage extends to a *temporary substitute vehicle* he rents. When his truck gets repaired and is back in service, the coverage on the *Temporary* replacement vehicle he's renting, ends.

**Example 2:** Bob Smith, a sole proprietor, does NOT have *Hired Auto / Physical Damage* coverage in his basic coverage. BUT . . . he does have *Collision and Comprehensive* coverage on the vehicle listed on his policy.

His regular vehicle -- the one that is listed or 'scheduled' on his policy . . . is running just fine and still in service.

But, Bob decides he'll need to have an *extra* truck, temporarily, to provide adequate service for a local fair. So, he decides to rent an *extra* truck to handle the added demand of the fair. So, he's got *two* trucks in service.

In this case, *NEITHER* *Collision and Comprehensive Liability* nor *Hired Auto / Physical Damage* coverage of his scheduled vehicle will extend to the new, *additional* truck he's renting to provide adequate service at the fair.

Steve needs to purchase, specifically, *Hired Auto / Physical Damage* coverage on the *extra* vehicle he's renting.

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### Bottom Line:

If your policy provides Collision and Comprehensive coverage, it usually extends Hired Auto / Physical Damage coverage to a rental or borrowed vehicle you may need if you lose the use of your regular vehicle because it is:

- broken down
- in the shop being repaired
- being serviced, or
- unavailable to you due to total loss or destruction

In these situations . . . if you must rent or borrow a replacement vehicle until your vehicle is available again . . . you WILL HAVE Hired Auto and Hired Physical Damage coverage on the vehicle you end up renting. Why?

Because the rented or borrowed vehicle is . . . a "*temporary substitute vehicle*" and your coverage will normally extend to a rented or borrowed vehicle — because the reason you need it is recognized by your policy.

HOWEVER . . . if you decide to rent or borrow a vehicle *IN ADDITION TO* a vehicle that is listed or 'scheduled' on your policy, your coverage does NOT EXTEND, automatically, to the 'additional' vehicle.

If you don't arrange for *additional coverage*, you won't have any and you'll be have an accident, cause damage or injure someone with the 'extra' vehicle borrow to add *additional capacity* for your business.

It's important that you understand the limitations of your coverage and vehicle that is being rented because your regular vehicle is out of service and how your coverage does NOT apply and does NOT extend to a vehicle additional capacity to your business while your scheduled vehicle is still



100% 'at risk' if you  
you need to rent or

how it applies to a  
for a 'covered reason'  
you rent to give you  
actively in service.

### If You Have ANY questions, Call Us . . . PLEASE!

Hired Auto / Physical Damage coverage *doesn't always* extend, automatically, to a rental vehicle. Usually, it does. But, in some situations, it doesn't. And assuming it will can be very costly if it doesn't!

***It's better to check and know you'll have it than learn you don't . . . when you may well need it the most!***

Check out the new DSD Insurance Smartphone APP in iTunes and the APP store!

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