



Current Articles 2000 – December

The Garage Auto Policy is changed

Effective January 1, 2001, for new and renewal business, the Ontario Garage Policy has been amended. The current policy -- the Ontario Garage Policy -- OPF4, will become the OAP4. Many changes are for clarification purposes only. In addition the endorsements for the Garage policy have been revised but in most cases to refer that the endorsement is attached to the new OAP4 rather than the OPF4.

An important and needed amendment allows the Direct Compensation Property Damage to apply to a customer's automobile in the custody of the garage and when the customer has no valid insurance on his vehicle. An example would be when a customer is restoring a vehicle, not driving the vehicle and may limit coverage to Specified Perils only. The vehicle is picked up by a garage to have the garage, for example, do a complete brake and alignment. When the garage road tests the vehicle, it is hit by a Third Party who is 100% at fault. Since the owner has no DCPD and the present garage policy restricts the DCPD to owned vehicles there would be no coverage for the customer's vehicle. In addition the garage would expect to be paid for the work performed and the customer's vehicle is totaled. The new form would allow the Garage Policy to respond to the DCPD.

The new policy will have an automatic \$1,500. Limit applicable to non factory installed electronic equipment. The new OEF 84, Agreed Value for Electronic Equipment, will allow higher limits when necessary. This may be critical to garages who operate tow trucks equipped with two-way radios and scanners. Similar to the OAP 1 there is a limit of \$25.00 for CD's, tapes, etc. in the vehicle.

There is a new exclusion applying to leased vehicles and which are leased from another for a period in excess of 30 days. This "plugged a loop hole" when a dealer would attempt to supply coverage for such long term leased vehicles. This exclusion will require such vehicles to be insured with an OAP 1.

The Driving Other Automobile Section has been expanded to include drivers named on the Additional Insured Endorsement in addition to active partners or full time employees and their spouses. This provision makes it necessary that all intended insureds are covered by the definition or are named on the Additional Insured Endorsement.

There are several new endorsements: The OEF 83 -- Automobile Transportation Endorsement, allows for the coverage to apply to vehicles designed to transport more than 1 vehicle. (The basic policy presently and the revised OAP4 exclude vehicles designed to transport more than 1 vehicle) This may be of importance to garages that own or operate flat bed towing vehicles.

Another new endorsement -OEF 86 - allows a deductible to be applicable to Customer's Automobiles.

Further to my article last month, there has been an interesting interpretation brought forth by the Legal Division of the IBC. The definition of automobile in the revised OAP1 was broadened to include a motorized snow vehicle. However the OPCF 44R Family Protection Endorsement contains no such amendment to the definition of automobile. This could mean that if you were hit as a pedestrian by a snow vehicle that is identified but uninsured, you could collect under your Uninsured Auto Coverage up to the minimum limits of the province but may not be able to obtain any excess amount from your OPCF44R -- Family Benefit Endorsement. I would hope that this has been an oversight and that a remedy will be found quickly since the snowmobile season is rapidly approaching!!!

Have a Merry Christmas and a Happy New Year.

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