



GarageGuys Tech Service Bulletin 042208

Garage Insurance Basics 1

The Parts:

The typical garage **SHOULD** consider buying some, most or all of the following. This list is not meant to be exhaustive as there are a nearly limitless variety of policies and coverages available. And, as we emphasize later, not every facility will need all of these coverages.

- 1) **Liability**—sometimes called “general” or “garage” liability. This part covers your potential exposure to most third party claims. A third party claim occurs when someone who is **NOT** your employee and **NOT** yourself is injured as a result of your alleged negligence.
- 2) **Property**—provides coverage for the physical assets at your premises such as your tools, your building (if you own it or not), your pumps and other tangible items which can be destroyed or stolen. Property coverages also can include your lost income as a result of a fire or other covered loss.
- 3) **Garage Keeper’s Liability**—confusingly different from “liability” in that GKL covers ONLY customer’s cars that are left in your possession for repair or other reasons. Coverage can be provided on a legal liability basis (GKLL) or on a direct basis (GKDC)
- 4) **Dealer’s Physical Damage**—covering your floor-plan vehicles against destruction. If you are not a car dealer, you won’t need this.
- 5) **Automobile**—provides coverage for your liability for driving either owned or customer’s cars. If the vehicle is yours, you can provide coverage for comprehensive and collision coverage and the vehicle must be scheduled on the policy.
- 6) **Umbrella**—Providing excess liability coverage over your primary liability and Automobile coverage. Does NOT cover over your property or GKL coverage. An inexpensive way to buy higher liability limits however cannot **replace** the underlying policies.

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- 7) **Workers Comp**—protects you from liability as a result of your employee being injured ON THE JOB.
- 8) **Disability**—protects your EMPLOYEE for loss of income as a result of an OFF THE JOB injury. Not applicable in some states.
- 9) **Crime**—protects you for loss of cash due to robbery, employee dishonesty and other causes.
- 10) **Inland Marine**—covers owned items that you specify to be covered for loss. This could include a valuable machine or tool—or even a tool chest. GarageGuys offers a unique **Mechanic's Tool Policy** which is an inland marine form. Inland marine differs from plain property insurance in that the item you choose to insure is usually listed specifically on the policy for a specific amount and is covered for a wider range of possible
- 11) **Boiler and Machinery** (or Equipment Breakdown)—covers your machinery for perils not usually covered under a property policy including merely breaking down. Lost business income is also generally included in this as well.
- 12) **Building Legal Liability (or Fire Damage Legal)**—covers your liability for the damage or destruction of a building that you occupy but do not own. This differs from property insurance in that the insurance company will not pay on your behalf unless the loss occurred as a result of your negligence.
- 13) **Pollution Legal Liability**—provides coverage for your liability to third parties (your neighbors) should a pollutant escape your premises and contaminate an adjacent property. Coverage can also be arranged for clean-up on YOUR premises.
- 14) **Employment Practices Liability**—protects you and your business for claims of discrimination or unfair labor practices from your hires or ex-employees.

Obviously, there are many other types and forms of insurance including some that are special forms of some of the coverages listed above. As always, we invite you use the contact form on this website to inquire about a coverage that you do not understand or feel you need. We extend that invitation to you even if you are NOT a GarageGuys client!

Should every garage have all of the listed coverages? No.

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Consideration for economy and common sense determine which policies you wish to purchase, not a broad based "one size fits all" approach. A facility which has no potential exposure to a flood has no business buying a flood policy. A facility in a high crime area may be unable to purchase needed crime insurance. If you are the only person working at your small repair shop, you are generally not obligated to buy Workers Compensation. These coverage decisions should be made in consultation with your agent or broker taking into account the potential exposure you have and the cost of the policy.

As always, **GarageGuys** is ready, willing and able to bring our expertise to your insurance equation. Give us a call.

Best Regards,

A handwritten signature in black ink that reads "Keith Friedlander". The signature is written in a cursive style with a prominent underline at the end.

Keith Friedlander
President

GarageGuys—Insurance For Your Shop

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