

Is Garage Liability the same as Garage Keepers Legal Liability?

Garage versus garage keepers, this is the questions asked by shop owners of all kinds and the answer varies based on the insurance agents experience with providing said coverages. To avoid having this article become a dissertation on insurance, the following is hopefully a reader's digest version of these two separate and critically important coverages that any business in which work is performed in and around a motor vehicle which includes motorcycles and the power sports should have.

Garage Liability

Garage insurance simple put is a general liability policy melded with an auto policy for companies who work on motor vehicles. Like general liability its intent is to pick up the stereo typical slip and fall hazards or other premise related exposures indicative of a retail or wholesale operation. With third party traffic there is an exposure to potential accidents. Whether it's oil on the ground in a parking lot or something more sudden and accidental like a promotional banner driven by wind hitting someone causing bodily injury, coverage for bodily injury can be triggered. Coverage is also there for personal injury type exposures like defamation of character, slander or even wrongful detainment. The real driver though lies in the completed operations language of the policy which is most commonly misrepresented.

With that said many refer to the completed operation as insurance for your work. This is both true and misleading all in one. When work is performed and the custom leaves coverage follows that work but not in the same way as a warranty would which makes the understanding of said coverage critically important. For the sake of discussion let's use an engine builder who specializing in high performance modification. Upon the completion of the engine install the garage liability is not designed to respond to issues relating to whether the engine isn't putting out the desired horsepower or even if it is or is not running properly upon completion. What it will respond to is critical failure in which consequential damages are caused to the vehicle or bodily injury to the occupants. In other words should the engine over heat, the engine wouldn't be covered, but should the paint get damaged as a result of the release of hot coolant, then the paint would. Another example would be a company installing truck suspension. Should a custom come back months later alleging that their tires are wearing unevenly, coverage would not trigger but if something wasn't properly torqued causing a part to become disconnected resulting in damage to vehicle would.

Lastly, auto liability is afforded by an assortment of symbols whether its extending coverage for owned vehicles, auto's left for service or for sale. With that, careful review should be had to ensure a shop owner isn't overlooking important protection needed.

Garage Keepers Legal Liability

Garage keepers Legal Liability also known as GKLL on the other hand provides physical damage coverage for the customer's car while in the ***care custody and control*** of the shop owner. An example would be damaged caused to a customer's car due to failing to set an emergency brake causing it to roll down a hill and become damaged. Or most common exposure an employee hitting something while operating said vehicle. Garage Keepers can be written so to afford coverage whether the shop owners was directly at fault or not. The example would be a car parked in an open lot that is fenced and a vandal throws something over the fence breaking its window. Should coverage be written on a ***Direct*** basis, coverage would trigger. This is the broadest way coverage is written to allow coverage to easily be

afforded to satisfy the customer as a good will endeavor versus writing it on an **Excess** basis which requires a customer to submit the case to their own personal auto insurer and prove that negligence is born by the shop owner. Although many of these cases fall below a deductible and are not insurance matters, understanding when and how coverage is to respond is key.

So to recap, Garage Liability protects a shop owner from actions of bodily injury caused by their work or consequential property damage due to alleged faulty workmanship while garage keepers liability merely protects the vehicle while it's in the shop owners custody. As mentioned a properly written garage policy should be carefully drafted to ensure coverage is available for cars being left for repair, test drives and an assortment of property exposures like customer's equipment and or employee tools. Therefore be sure and work with an agent who not only understands the type of work you do, but willing to take the time to ask the right questions to ensure the proposal reflects the coverage you need is there, when you need it most.

Article has been written by Alliant Insurance Services Inc., the endorsed broker for the Specialty Equipment Market Association-SEMA and program founders of Installers Edge a national garage insurance program designed by and delivered on behalf of the automotive aftermarket industry. Visit seainsurance.com for more information or call Alliant at 800-390-9099 to inquire about getting a quote.