



# RISK NOTE

## SUBJECT: VEHICLE COVERAGE

This Risk Note outlines vehicle insurance coverage and confirms what is and what is not covered by the University, College & Institute Protection Program (UCIPP). Primary Automobile Liability, Excess Automobile Liability, Special Excess Automobile Liability and Comprehensive Garage Liability. The article will end with some frequently asked questions which we trust will be useful. **Please see the [Risk Note on Rental Vehicle Insurance Coverage](#) for UCIPP recommendations and guidelines with respect to rental vehicles.**

### **Primary Automobile Liability**

UCIPP does not provide primary automobile liability coverage or physical damage coverage for motor vehicles owned by the Institution, this is provided by ICBC. UCIPP requires that each Institution obtain primary automobile liability insurance on all their owned and licensed vehicles, including for on-highway use of non-standard vehicles<sup>1</sup>. Bus type vehicles must be insured to a limit of \$10,000,000 for automobile liability; and other types of vehicles such as cars, trucks etc. must be insured to a limit of \$1,000,000 for automobile liability. NOTE: 'bus' means a motor vehicle designed to carry more than ten (10) persons. (*Motor Vehicle Act*)

As of May 1, 2021, ICBC is changing to a 'no-fault' regime and enacting various other changes to its coverages, including changes to coverage for off-highway use of non-standard vehicles. UCIPP covered entities owning or licensing non-standard vehicles will continue to carry a minimum third-party liability coverage of \$1,000,000 for on-highway use through ICBC, however, it will not be necessary to purchase optional third-party liability offered by ICBC (e.g. where ICBC offers optional third-party coverage for "off-highway<sup>1</sup>" use). This coverage is provided by UCIPP.

Please refer to <https://www.icbc.com/partners/new-insurance-model/Pages/Frequently-Asked-Questions.aspx> or contact your ICBC Autoplan broker for more information.

---

<sup>1</sup> Per the BC *Motor Vehicle Act*: Highway includes (a) every highway within the meaning of the Transportation Act, (b) every road, street, lane or right of way designed or intended for or used by the general public for the passage of vehicles, and (c) every private place or passageway to which the public, for the purpose of the parking or servicing of vehicles, has access or is invited; but does not include an industrial road.

## **Excess Automobile Liability**

UCIPP provides Excess Automobile Liability through the UCIPP Liability Coverage Agreement. This Excess Automobile Liability coverage is for the legal liability of the Institution for loss or damage arising from the use or operation of any automobile owned or licensed in the name of the Institution and resulting from injury to, or physical damage to the property of, others.

This coverage is excess of the \$10,000,000, any loss, from the operation of a bus and excess of the \$1,000,000, any loss, on all other vehicles.

This Excess Automobile Liability coverage will also extend to those automobiles owned or used by employees, or authorized volunteers, in the performance of their authorized duties. This coverage is excess of the primary automobile liability insurance limit carried by the vehicle owner.

## **Special Excess Third Party Liability Policy (Form APV 212)**

UCIPP also purchases from ICBC, on behalf of all Institutions, a Special Excess Third Party Liability Policy (Form APV 212) that bridges the gap that may exist between the amount of the owner's (employee or volunteer) automobile liability limit and the required primary limit of \$1,000,000. It's important to note that this policy only addresses the limit of liability; it does not remedy a situation where an individual may have rated their vehicle incorrectly (e.g. personal use vs. business use). This Special Excess Third Party Liability policy covers:

- Officers and employees of the Institution who operate their own vehicle or someone else's vehicle (but not a vehicle owned by the Institution) with that person's permission, in the course of their employment with the Institution
- Volunteers who operate their own vehicle or someone else's vehicle (but not a vehicle owned by the Institution) with that person's permission, while acting within the scope of their volunteer duties with the Institution; and the owner of a vehicle (but not the Institution) operated with permission by those persons described above.

This coverage would also apply where the officer, employee or volunteer has elected to obtain 'ownership' of their vehicle by a long term lease rather than purchasing it (i.e. the vehicle is licensed and leased in their name).

In British Columbia the minimum limit that a vehicle must carry with ICBC for automobile liability is \$200,000. This bridging policy is purchased in the event that an employee or volunteer only place the minimum limit on their vehicle. The Special Excess Third Party Liability coverage provided by ICBC and the Excess Automobile Liability provided by the UCIPP Liability Coverage Agreement both follow the conditions of the ICBC primary coverage. If the conditions for meeting the primary insurance are not met (e.g. insuring the vehicle for pleasure use and using it more than 6 times per month for business use or driving to/from work), then the excess liability coverage may not respond.

### **Comprehensive Garage Automobile Policy**

If the Institution is involved with an automotive program, a **Comprehensive Garage Automobile Policy (Form APV 4)** must be purchased from ICBC. Each Institution should maintain ICBC coverage on their individual ICBC Garage Policies of \$1,000,000 Third Party Legal Liability. ICBC will respond up to the first \$1,000,000 Third Party Legal Liability and if this limit is exhausted, the UCIPP Excess Automobile Liability coverage will respond on a follow form basis. Different options are available depending on Institution needs and use and these options should be reviewed with your Autoplan broker to ensure the correct coverage is placed.

### **Frequently Asked Questions**

#### **Under what circumstances would an employee or volunteer drive and/or vehicle owner disqualify for the Excess Automobile Liability coverage provided by UCIPP?**

When the vehicle is used for a purpose other than what it is insured for under the primary insurance (e.g. insured for pleasure use only and the vehicle is actually used for business purposes or to drive to/from work more than 6 times per month) and/or when the vehicle is operated in violation of any motor vehicle regulation or section of the criminal code.

#### **What happens if there is physical damage to an employee's or volunteer's owned or borrowed vehicle?**

UCIPP does not provide any coverage for physical damage to employee's or volunteer's owned or borrowed vehicles. It is the responsibility of the vehicle owner to insure physical damage direction with an Insurer.

## **Should the Institution allow employees to use their vehicle for personal use?**

UCIPP is not intended to provide coverage for liabilities that are not associated with the provision of educational services (e.g. vehicle used on holiday, hitching a trailer to vehicle for personal use). In addition, there will be increased wear and tear on the vehicle. Our recommendation is that the employees only be permitted to drive these vehicles while on Institution business and while commuting to/from work.

## **What if an employee/volunteer cannot work as a result of a vehicle accident while on Institution business?**

If an individual is injured in a vehicle accident while on Institution business to the extent they are not able to work, Enhanced Care will let them cover their daily costs and bills by paying 90% of their net income up to \$100,00 in gross income. If the individual earns above \$100,000 and does not have any other income replacement coverage, they can buy additional optional coverage from ICBC to top up the amount of wage loss provided by the Enhanced Care benefit. However, this benefit from ICBC will be secondary to any disability insurance from another insurance provider, i.e. WorkSafeBC.

***We like to hear from you! Please email your questions and concerns to [protection.program@bcucipp.org](mailto:protection.program@bcucipp.org) and a UCIPP risk management consultant will contact you.***