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Consumer Article:

“The Personal Auto Policy & College Students”

This article references the "ISO standard" Personal Auto Policy and their Extended Non-Owned Coverage for Named Individual endorsement. Be aware that YOUR insurance company's auto policy may differ from this industry standard form, so be sure to check with your agent to see if the issues discussed in this article apply to your situation.

Courts have generally held that students away at school are still considered to be "family members" under the Personal Auto Policy (PAP) and, thus, are covered while operating autos at school. However, there is an important exclusion in the personal auto policy that says there is no coverage if a vehicle is furnished or available for the regular use of a family member.

As you can see, IF the vehicle is "furnished or available" for the "regular use" of a "family member," there is no coverage under the parents' policy while the student drives the car. Without debating the issues of "furnished or available" or "regular use," let's assume that the student does have regular, unrestricted access to her roommate's car. In that case, she is at the mercy of the insurance on the vehicle, if any, since her parents' policy will not provide any coverage.

Is there anything her parents can do to extend coverage to her under their policy while driving her roommate's car? Well, speaking of the word "extend"...there is an endorsement commonly referred to as the Extended Non-Owned Coverage for Named Individual that may provide coverage and it is certainly routinely used for this type of exposure. However, note the following wording from the endorsement:

"This endorsement does not afford coverage under Part A or Part B of the policy for any accident involving a vehicle owned by the individual named in the Schedule or in the Declarations, by a member of the same household, or any accident involving a temporary substitute vehicle for such owned vehicle."

So, even though this endorsement provides coverage to family members for vehicles furnished or available for their regular use, it does NOT provide coverage IF the vehicle is owned "by a member of the same household." What this means is that coverage still does not apply to vehicles owned by a member of the same "household" of the family member. How does this apply to the college roommate situation?

On at least one occasion (and probably more), a claim involving a college student's roommate's car was denied under this endorsement. According to the insurer, the roommate was a "member of the same household." But, is this true? Do two college students sharing a dorm room constitute a "household?" In deciding the coverage issue, we must examine what is meant by a "household."

According to Black's Law Dictionary:

"Household, n. A family living together. Those who dwell under the same roof and compose a family. Term is generally synonymous with 'family' for insurance purposes, and includes those who dwell together as a family under the same roof. Generally, the term as used in automobile policies is synonymous with 'home' and 'family.'"

The Black's Law discussion of "family" indicates that it is comprised of blood relatives or a close-knit social unit with a high degree of permanency, living under the control of one head of the household. I don't think two people who possibly had never met before, spending a few months together as roommates, but otherwise being independent of each other, constitutes a "family"...i.e., just because two people share a room doesn't make them a "household."

What if it's not her roommate that makes the auto regularly available, but her best friend across the hallway? Clearly, in this case, coverage applies since they aren't roommates...or does the entire dormitory constitute a "household?" What if we're talking about a sorority or fraternity where there is (at least theoretically) more of a "family" than a dormitory setting?

Clearly, there are no easy answers. So, the best thing to do is to discuss the situation with your insurance representative in advance. As you can see from this one example, insurance contracts are sometimes subject to interpretation and can be difficult for a consumer to understand. This is one reason why it is advisable to purchase your insurance from a qualified professional insurance agent.

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