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To Our Valued Clients:

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Contractor's Equipment Excluded from General Liability Policy When Subject to Motor Vehicle Insurance Laws

Insurance carriers are beginning to use a new General Liability (GL) policy form that eliminates coverage for "mobile equipment", such as construction equipment, that is subject to motor vehicle registration requirements and to the state's compulsory insurance or financial responsibility laws.

By default, when the new GL policy form is used, these types of vehicles will only be covered under a Commercial Automobile policy. It becomes very important that you make sure to register, or operate under an OCN plate, all equipment that may become subject to registration, and insurance laws. As always, make sure you tell us when you register any equipment, particularly any located out of Mass, so that we can be sure to schedule them on your Automobile policy. Otherwise, there will be no liability coverage for the operation of any such unscheduled vehicle.

Similarly, the new GL policy form has eliminated the coverage part that previously extended insured status to anyone operating such equipment "along a public highway" with the named insured's permission. Liability Coverage for the driver will only be provided if the equipment is scheduled under the Commercial Auto Policy.

Hopefully, the adoption of the new GL policy form will not require a big change in your operation as the carriers have always preferred to cover equipment subject to registration and insurance laws under a Commercial Automobile policy. However, the big difference now, under the new GL policy form is that it becomes imperative that you register and schedule all such equipment as there will be no coverage if you don't.

Keep in mind if you are working a job site and even momentarily back a piece of equipment into the street, (or perhaps even just the right of way) it would then become subject to motor vehicle registration. If you cause bodily injury or property damage while on the street, and are insured under the new GL policy, there would be no liability coverage available unless that equipment was registered and scheduled on a Commercial Automobile policy.

There may be other questionable or grey areas regarding registration requirements. If there is ever any question under what circumstances a particular piece of equipment may be subject to motor vehicle registration, please contact the Registry of Motor Vehicles for clarification. Be sure to schedule on your auto policy all equipment subject to registration or any state's compulsory insurance or financial responsibility laws.

Very Truly Yours,

DeSanctis Insurance Agency, Inc.