

The Business Auto Policy (BAP) and Temporary Substitutes

Does my BAP policy coverage a temporary substitute vehicle? An ISO Business Auto Policy (BAP) is written on several vehicles with Symbol 1 (Any Auto) for liability and Symbol 7 (Specifically Scheduled Vehicles only) for physical damage. One of the autos will be in the shop for two weeks for repairs. Since the insured will rent a vehicle during this time, it will be a temporary substitute auto and the BAP responds for liability and physical damage claims, right?

This is a very good (and frequent) question. There is good news and bad news in the answer.

The good news is that with Symbol 1 for liability; claims for bodily injury or property damage to third parties are covered for "any auto" whether owned, hired or non-owned. If liability had been covered under Symbol 7, the insured would need liability via Symbols 8 and 9 to cover hired and nonowned exposures.

The bad news (but it's easy to convert this bad news into good news) is that there is no physical damage coverage for "temporary substitute" autos. The "Certain Trailers, Mobile Equipment And Temporary Substitute Autos" section of the BAP makes it clear that only liability, not physical damage coverage, extends to temporary substitutes.

For the Insured's temporary substitute vehicle to be covered for physical damage, Symbol 8 must be requested and appear on the Auto policy. Another example of a customer who needs to have Symbol 8 for physical damage is a business with employees who travel and rent cars for business purposes. If the BAP does not include Symbol 8 for physical damage and the rental car is damaged, the policy does not provide coverage.

One possible explanation for why some people think the BAP provides physical damage coverage for a temporary substitute is because the standard ISO Personal Auto Policy (PAP) usually does when at least one declared vehicle has physical damage coverage. Unfortunately, that's not the case with the BAP.