



Underwriting guidelines

GARAGE

Local exceptions to these underwriting guidelines may apply.

Please consult with your underwriter or sales executive for details and to discuss risks that exceed the following guidelines.

Garage PacSM risks will typically have:

- Up to \$5 million total insured values (building and business personal property) at each location
- Less than six locations

Underwriting guidelines for **Garage Pac**

Business personal property and general liability coverage is required. If applicable and eligible, coverage is required for all owned buildings. One-hundred percent insurance-to-value is required.

Eligible operations are businesses specifically listed in the classification section.

Years in business

Three years in business is preferred. Exceptions for new ventures will be entertained provided the risk has three years, prior management experience in the same type of business.

Loss experience

The business must have favorable loss experience for property and general liability.

- Favorable loss experience is defined as: No more than three losses in the last four years

Prior carrier

The business should have had continuous insurance coverage for the last three years, with no cancellations by the insurer(s) or non-renewals (for other than market withdrawals or transfers within an insurer company group).

Property underwriting guidelines

Adequate detection and protection devices for fire and theft must be in place.

- Central station fire alarms are preferred
- Risks with sprinkler systems are preferred
- If protective devices are in place on the premises, the policy will be endorsed with a protective safeguards endorsement describing the protective device and requiring that the company be notified of any suspension, impairment or failure to maintain the device

No cited violations of fire, health (if applicable) or life safety codes.

All owned buildings should be fully occupied, with no seasonal occupancies. Seasonal is defined as any occupancies open less than eight months of the year. All tenants must meet underwriting requirements. Please see the appropriate segment underwriting guidelines based on the tenant occupancies.

For both tenants and building owners, the plumbing, HVAC, wiring and roof must have been updated in the past 30 years.

Liability underwriting guidelines

Customers should not be allowed in the shop area.

Hazardous materials must be stored and disposed of in accordance with all local, state and federal requirements.

Final inspections should be conducted on all vehicles before being released to customers.

Certificates of insurance with limits at least equal to the insured's primary general liability limit of insurance must be obtained for all subcontracted work. There should be favorable contractual risk transfer.

Garage Pac is subject to premium audit. The rating basis is number of employees. Employees include all full-time and part-time employees except clerical and inactive employees.

Clerical employees are those employees engaged exclusively in office work and who work in areas physically separated from the garage. Full-time employees work 20 hours or more. Part-time employees work less than 20 hours. Each part-time employee should be included as .5 in the total number of employees for rating purposes.

Business income for garage segment

Business income and extra expense coverage is optional for **Garage Pac**. When selected, coverage applies on an actual loss sustained basis for up to 12 consecutive months. Coverage may also be written on a policy or location level basis for any dollar limit without the 12-month limitation.

Coverages for Garage

- MP T1 65 - Amendatory provisions – **Garage Pac** is mandatory. It affords the following coverages:
 - Business personal property coverage now includes employee tools and equipment (on-premises only and no longer considered personal effects) and the insured's diagnostic equipment
 - Theft of employee tools is subject to \$500 per employee/\$2,500 per occurrence
 - \$25,000 motor vehicle damage to leased buildings coverage
 - \$25,000 per premises/per occurrence communication supply services – Time element including overhead transmission lines
- The Businessowners Property Coverage Special Form includes \$25,000 pollutant cleanup coverage
- Equipment breakdown coverage for "diagnostic equipment" is limited to \$100,000 with the option to increase. See Equipment Breakdown – Increased Sub-limit for Specific Equipment
- Broad form products coverage is available
- Mechanics tools and equipment is available

Classifications for Garage

For business personal property and for 100% owner-occupied buildings, select the classification that best describes the operations of the insured. For garages with ancillary car wash exposures, an additional liability charge for car washes is required. For buildings owned and wholly leased to others, see **Building PacSM** or **Building Pac PlusSM**.

Description	Pac Program Code	Eligible SIC
Air-conditioning service, checking, charging, installation and repair	80A	7539
<p>Body repair and collision shops</p> <ul style="list-style-type: none"> • If towing services are provided, a maximum of one tow truck is allowed; no 24-hour towing, DOT or auto club towing service • No bulk storage of new or used tires • Spray-painting operations must be performed in booths with an automatic fire suppression system and must meet NFPA standards • Welding area must be free of flammables/combustibles 	80B	7532
<p>Brake installation and repair, shocks and struts, exhaust systems and alignment</p> <ul style="list-style-type: none"> • If towing services are provided, a maximum of one tow truck is allowed; no 24-hour towing, DOT or auto club towing service 	80C	7533
<p>Detail shops, pin striping, auto waxing and buffing</p> <ul style="list-style-type: none"> • Spray-painting operations must be performed in booths with an automatic fire suppression system and must meet NFPA standards 	80D	7532
<p>Electrical repair and installation including speedometer installation</p> <ul style="list-style-type: none"> • If towing services are provided, a maximum of one tow truck is allowed; no 24-hour towing, DOT or auto club towing service • Spray-painting operations must be performed in booths with an automatic fire suppression system and must meet NFPA standards 	80E	7539
<p>General repair with gas sales</p> <ul style="list-style-type: none"> • Applies to vehicle repair shops with convenience stores and gas sales. Revenues from retail sales must not exceed 50% of total annual revenue • Gasoline tanks must be regularly tested and adequately maintained in accordance with all local, state and federal environmental guidelines • No bulk storage of new or used tires • If towing services are provided, a maximum of one tow truck is allowed; no 24-hour towing, DOT or auto club towing service • Spray-painting operations must be performed in booths with an automatic fire suppression system and must meet NFPA standards • Welding area must be free of flammables/combustibles • No propane tank filling • Include values for gasoline in business personal property limits and values for tanks in building limits 	80Q	5541

Description	Pac Program Code	Eligible SIC
<p>General repair without gas sales</p> <ul style="list-style-type: none"> No bulk storage of new or used tires If towing services are provided, a maximum of one tow truck is allowed; no 24-hour towing, DOT or auto club towing service Spray-painting operations must be performed in booths with an automatic fire suppression system and must meet NFPA standards Welding area must be free of flammables/combustibles 	80R	7538
<p>Glass installation</p>	80F	7536
<p>Oil change and lubrication</p>	80G	7549
<p>Painting and pin striping</p> <ul style="list-style-type: none"> Spray-painting operations must be performed in booths with an automatic fire suppression system and must meet NFPA standards 	80H	7532
<p>Rust proofing, undercoating, glazing</p> <ul style="list-style-type: none"> Spray-painting operations must be performed in booths with an automatic fire suppression system and must meet NFPA standards 	80J	7549
<p>Sound and communications equipment repair and installation</p> <ul style="list-style-type: none"> An alarm system, connected to a U.L. listed central station or police station, is required. A protective safeguards endorsement should be attached describing the system 	80K	7539
<p>Transmission repair and installation</p> <ul style="list-style-type: none"> If towing services are provided, a maximum of one tow truck is allowed; no 24-hour towing, DOT or auto club towing service 	80M	7537
<p>Tune-up and emission testing</p> <ul style="list-style-type: none"> If towing services are provided, a maximum of one tow truck is allowed; no 24-hour towing, DOT or auto club towing service 	80N	7539
<p>Upholstery, tops and sunroof repair and installation</p>	80P	7532

Ineligible operations, products or services for Garage

Risks with the following exposures, products or operations should not be written as **Garage Pac** accounts:

- 24-hour operations
- Airbag disabling
- Armed security guards
- Auto dismantlers, rebuilders or restorers
- Businesses with guard dogs
- Businesses providing pickup or delivery of customers' vehicles
- Businesses servicing:
 - Boats
 - Emergency vehicles (i.e. police cars, EMT vehicles, ambulances, etc.)
 - Motorcycles
 - Off-road vehicles
 - RVs
 - Vehicles over 20,000 GVW
 - Vehicles used for racing
- Car washes (as the predominant operation or more than one bay as an ancillary operation)
- Custom fabrication of motor vehicles or motorcycles
- Equipment or tool rentals
- Gas stations without repair operations
- Installation of tires not sold by insured
- Mobile “business on wheels” with no garage operation as base
- Habitational occupancies
- Home-based businesses
- Ownership or sponsorship of racing vehicles
- Parking garages or operations
- Propane line installation or servicing
- Renting, leasing or loaning vehicles
- Sales of autos, boats, motorcycles or recreational vehicles (incidental used auto sales, not exceeding 15 vehicles sold annually, is acceptable)
- Salvage or wrecking operations or yards
- Self-service bay rentals
- Tire recapping or vulcanizing
- Tire sales in excess of 25% of total annual revenue
- Towing operations (as the predominant operation or more than one tow truck as an ancillary operation)



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