



## **Insurance Provisions for Renting Large Trucks**

The Fund recently investigated an accident involving a large, rented vehicle. The rental company had requested “additional insured” status in their rental agreement. This request was not conveyed to the Fund and therefore we had not added the rental company as an additional insured. Any request for additional insured status made by a vendor or contractor must be approved by underwriting and added as an endorsement to your coverage. As you know, we ask that you request to be added as an additional insured under your vendor’s and contractor’s insurance policy when feasible. This helps protect you and the Fund. That is why the rental company wants the same endorsement for them. The additional insured endorsement provides coverage for the rental company as if they are insured by the coverage.

We are reluctant to grant additional insured status (i.e., when the vendor is an additional insured under your coverage with the Fund) because that transfers risk from the vendor to the member and the Fund. If the rental company has additional insured status, we will defend them just like we do the member in the event of an accident alleging member liability.

Requests from vendors regarding insurance provisions usually involve risk issues. For example, the vendor wants lower limits of liability for their coverages. They don’t want to carry Workers’ Compensation. They don’t want to provide waivers of subrogation or additional insured status for the member. Requiring that these measures are in place helps reduce the risk exposure members take on when they contract for services or construction. The rental company wants the same protections.

In addition, we also see rental contracts that require higher limits of liability. If you have limits lower than \$1,000,000 there is a cost to raise the limits. Limits of liability over \$1,000,000 require Excess Insurance which also costs the member more. Waivers of subrogation also have cost. Another common request by the rental companies is that the member (through the Fund) gives the rental company at least thirty days’ notice of cancellation.

The Fund may not like to do some of these endorsements, but we are willing because the member needs these coverages to accomplish something important for your ability to operate effectively. Renting a large truck may be one of those things. Please send a copy of the executed lease agreement along with a schedule of the leased vehicle including, year, make, model, VIN, and cost new to [twcarmf-underwriting@sedgwick.com](mailto:twcarmf-underwriting@sedgwick.com). We will add the leased vehicles to the schedule of covered autos and provide a verification of coverage and additional insured amendment that your office can send to the rental company as verification.

To approve these changes to coverage, please forward your contracts for review by Mary Vasquez, Underwriting Manager ([mary.vasquez@sedgwick.com](mailto:mary.vasquez@sedgwick.com)). We also look at indemnification, insurance, and safety requirements in the contracts. Remember, in order for the Fund to provide additional insured, a waiver of subrogation or higher limits of liability for a member, Underwriting must receive a copy of the contract or lease agreement in order to approve and endorse coverages to meet the requirements.