

“NEWLY ACQUIRED AUTO” SUPPLEMENTAL

We learned that “newly acquired auto” is identified as the second category of vehicles that are a “your covered auto” and that “your covered autos” receive the broadest policy coverages. “Newly acquired auto” is a key definition that not only offers clarity but also provides coverage.

In ideal situations, individuals notify their agents or insurance companies about a new vehicle and arrange to have it added to their policies before ownership takes place. Unfortunately, in the real world, this isn’t always the case.

The “newly acquired auto” definition may provide clients with certain automatic coverage for a limited time prior to the new vehicle being reported to the insurance company. The definition begins by identifying **WHO** must own the vehicle, **WHEN** the vehicle must be acquired, and **WHICH** vehicles are eligible for the coverage detailed in the definition. We affectionately identify them as the three W’s (WWW).

If the vehicle satisfies these three requirements (WWW), the definition explains specific coverage that may be automatically provided (if applicable) and the length of time for which any automatic coverage is provided.

Who must own the vehicle?

A newly acquired auto must have been obtained by a **you** (the named insured or residence spouse). A “family member” is not a **you**, so a vehicle purchased and solely owned by a “family member” does not meet this requirement.

*Amelia has a Personal Auto Policy and is the named insured. Her 18-year-old son, Link, resides with her and is a driver on her policy. Over the weekend they bought matching mother-son Mini Coopers, each in their own names[DB2] . Amelia’s Mini Cooper is a “newly acquired auto.” Link’s Mini Cooper is not a “newly acquired auto” under his mother’s policy because he is not a **you**, he is a “family member.”*

When must the vehicle be acquired?

Very simply put, for an ISO PAP, the “newly acquired auto” must be acquired during the effective policy period. Remember that the dates shown in the Declarations indicating when the policy term started and when it ends are the effective policy period.

Which vehicles are eligible?

For a vehicle to be considered a “newly acquired auto” and receive automatic coverage provided by the definition, it must not be covered by any other insurance policy and must meet eligibility requirements.

“NEWLY ACQUIRED AUTO” SUPPLEMENTAL

Think back to the vehicle eligibility requirements for a Personal Auto Policy:

- private passenger vehicles, and
- pickups or vans meeting:
 - the GVWR requirement
 - which are not used for delivery or transportation of goods and materials unless incidental to farming, ranching, or your “business” of installing, maintaining, or repairing furnishings or equipment
- vehicles must be owned or are leased for a period of 6 months or longer

Automatic Coverages Provided

Now that we’ve established eligibility of the **Who**, **When**, and **Which** [CL4] [DB5] [CL6] let’s explore the specific coverages provided within the definition of “newly acquired auto.” Coverage provided within “newly acquired auto” is addressed in three the following coverage categories: [CL7]

- Coverages Other Than *Part D – Coverage For Damage To Your Auto*. That is:
 - Liability
 - Medical Payments and/or Personal Injury Protection
 - Uninsured and/or Underinsured Motorists Coverage
- Collision
- Other Than Collision (OTC)

Coverages Other Than Coverage For Damage To Your Auto

The first category for automatic “newly acquired auto” coverage for Liability Coverage, Medical Payments, Personal Injury Protection (PIP), and Underinsured/Uninsured Motorists Coverage (UM/UIM) BUT ONLY if these coverages are already purchased/provided by the policy.

A “newly acquired auto” will receive the broadest (or best) coverage shown for any vehicle in the Declarations page. If by chance the limit of liability differs between vehicles in the Declarations page, the “newly acquired auto” will automatically receive the highest limit of any vehicle in the Declarations.

Automatic coverage is provided for **up to 14 days** from the date of acquisition but ONLY if the insured requests coverage for the new vehicle within 14 days from the date the vehicle was acquired. However, if coverage is requested AFTER 14 days, coverage may only be added (or begin) on the date the insured requests coverage rather than the date the vehicle was first purchased or acquired.

“NEWLY ACQUIRED AUTO” SUPPLEMENTAL

Now, let's turn to coverages provided by Part D — Coverage for Damage to Your Auto: “Collision” and Other Than “Collision.” Understand that we will explore these coverages more in Unit 5. What coverage will a vehicle receive if it is damaged before being reported to the insurance carrier?

Collision Coverage

Collision coverage will start on the date the vehicle is purchased/acquired but there are **two time-sensitive situations** to consider:

1. When collision coverage is already purchased for at least one vehicle on the policy (*up to 14 days of coverage*)
2. When collision coverage has NOT been purchased for ANY vehicle on the policy (*up to 4 days of coverage*)

If Collision Coverage IS ALREADY PURCHASED for at least one vehicle in the Declarations page, the “newly acquired auto” will receive the broadest Collision coverage purchased of any auto - meaning, the lowest deductible shown - for **up to 14 days**. The insured must request coverage for the new vehicle within 14 days from the date the vehicle was acquired for coverage to apply starting at the date of purchase or acquisition. If coverage is requested AFTER 14 days, coverage will begin on the date the insured requests it rather than the date the vehicle was acquired.

Blaine has two vehicles insured on his Personal Auto Policy: One with a \$1000 Collision deductible and the other with a \$250 Collision deductible. Blaine decided to purchase a 3rd vehicle on May 1st. It will automatically receive Collision coverage with a \$250 deductible, beginning on May 1st if he asks to insure the new vehicle within 14 days of purchase.

If Collision coverage is NOT PURCHASED for any vehicle insured by the policy, the “newly acquired auto” will receive Collision coverage with a \$500 deductible for up to **4 days** from the date it was acquired. Again, the insured must request coverage within 4 days for coverage to apply starting at the date of acquisition. If coverage is requested AFTER 4 days, coverage will begin on the date the insured requests it.

Andy has a Personal Auto Policy with Liability and PIP only. He let his agent know he would be purchasing a 2nd vehicle over the weekend. Pulling out of the dealership, Andy hit another car in his brand-new vehicle. His policy will automatically provide Collision coverage with a \$500 deductible when he reports the new vehicle and the claim on Monday.

“NEWLY ACQUIRED AUTO” SUPPLEMENTAL

Other Than Collision Coverage (OTC)

The third coverage category for “newly acquired autos” is Other Than “Collision” coverage as provided under Part D — Coverage for Damage to your auto. The coverage provided and conditions for applying Other Than Collision coverage are the same as what was identified for Collision. Coverage will start on the date the vehicle is acquired and has the same two time-sensitive conditions.

If Other Than Collision Coverage IS PURCHASED for at least one vehicle in the Declarations Page, the new vehicle will receive the broadest Other Than Collision coverage purchased for any auto for **up to 14 days** from the date it was acquired. Again, coverage for the auto must be requested within 14 days of acquisition for coverage to apply from the date of purchase/acquisition; otherwise, coverage will begin on the date coverage is requested.

If Other Than Collision coverage is NOT PURCHASED for any vehicle insured by the policy, the “newly acquired auto” will receive Other Than Collision coverage with a \$500 deductible for **up to 4 days** from the date it was acquired. The insured must request coverage within 4 days for coverage to apply from the date of purchase/acquisition.

One final note regarding the time periods for reporting a “newly acquired auto.” The number of days of automatic coverage provided for a “newly acquired auto” may be reduced if there are too few days left in the policy period. If the client buys a new vehicle 3 days before the end of the policy period, automatic coverage may only be provided for 3 days and not the 14 or 4 days previously identified.

The following chart is a recap of what we’ve just learned.

"NEWLY ACQUIRED AUTO" SUPPLEMENTAL

Coverage Recap for a "Newly Acquired Auto"	
Eligible vehicle acquired during the policy period by a you if reported within the required period of time.	
Liability Medical Payments/PIP UM/UIM	Coverage up to 14 days* Broadest coverage of any vehicle in the Declarations
Collision	Up to 14 days* if a vehicle in the Declarations has Collision Up to 4 days if no vehicle in the Declarations has Collision (\$500 deductible)
Other Than Collision Coverage (OTC)	Up to 14 days* if a vehicle in the Declarations has OTC Up to 4 days if no vehicle in the Declarations has OTC (\$500 deductible)

* May have less than 4 or 14 days of coverage if fewer days remain in the policy period.