

# Reciprocal News

*Helping to Manage Your Risk*

## The MEARIE Group's Reciprocal Newsletter

A publication designed for the benefit of Ontario's Electricity Industry.

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## Vehicle Rentals and the MEARIE Insurance Policy

**A**re you confused about Vehicle Rentals and MEARIE Insurance Coverage?

Does your company rent replacement vehicles? Do your employees rent vehicles for company business? Does your MEARIE Insurance provide coverage for these short term rentals? Which policy responds, the non-owned auto under the MEARIE Liability or vehicle coverage under the MEARIE Vehicle policy?

MEARIE's definition of a short term rental vehicle is any vehicle not owned by the Insured that is rented or hired for a period of less than 30 days. If the rental period is longer than 30 days MEARIE classifies it as a long term rental. This distinction is important in determining which MEARIE policy will potentially provide coverage.

The MEARIE Liability policy includes the "non-owned auto" endorsements. These provide coverage for short term rentals of less than 30 days, for business use, provided the rental agreement is under the Named Insured or the Additional Named Insured. The key is for the rental agreement to clearly show the company's name as the renter not the individual driver's name. (The individual will be listed on the rental agreement as the primary driver).

Non-owned auto does not provide any insurance coverage for employees who drive their own vehicles on company business. The Insurance Act does not allow for you to provide coverage to vehicles that are not owned by the Named Insured. Employees who rent vehicles in Ontario for company business under their own names may be exposing their own insurance policies to a claim for any damage or injury which occurs while the vehicle is in their custody and control. Revisions to Ontario's insurance legislation have changed the priority of payments for liability losses limiting the rental agency's liability.



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## Vehicle Rentals and the MEARIE Insurance Policy (Continued from page 1)

Consideration should be given to arranging short term rentals as follows:

- Set up a corporate account with a car rental company for all corporate business rentals
- Ensure rental vehicle use is for approved company business
- The Rental agreement must be in the name of the company with the individual listed as the primary driver, additional drivers must be named on the agreement
- If using a corporate credit card, optional Collision Damage Coverage may be waived (subject to the terms and conditions of the credit card company related to car rentals). Insurance would only be valid if the card holder is listed on the rental agreement as the primary driver
- Vehicle rental agreements may include clauses that state the insurance provided by the rental agency will not apply if any conditions of the rental agreement are breached. This may include the agency's third party liability insurance. It is critical the following standard conditions are observed:
  - Only authorized drivers named in the agreement may drive the rental vehicle

- Primary drivers must drive the rental vehicle the majority of the time
- The vehicle must not be taken off public roads
- The vehicle must be kept locked at all times
- The Driver must not be under the influence of alcohol or drugs while operating the vehicle
- Do not exceed the speed limit
- Do not continue to drive the vehicle if it becomes damaged
- Arrange a certificate of insurance from MEARIE for short term rental at time of booking prior to pick up of vehicle if requested by the rental agency

For long term rentals greater than 30 days, coverage is available under your MEARIE Vehicle policy. It is necessary to complete a MEARIE Vehicle Change Form and submit it. In many instances you may be required to show proof of insurance from MEARIE prior to pick up of vehicle. MEARIE will provide a certificate of insurance as evidence of coverage under your MEARIE Vehicle policy upon request, subject to the terms and conditions of your policy.

Remember, only company vehicles (owned, leased or rented in the name of the company) can be covered by MEARIE insurance. The MEARIE Liability policy is for short term rentals of less than 30 days and the MEARIE Vehicle policy is for long term rentals greater than 30 days. In the event of specific claims, incidents or legal actions against the Subscriber, coverage will be determined by MEARIE policy interpretation. You can not provide insurance coverage for your employees' personal vehicles.

If you require a certificate of insurance, have any questions or would like to discuss vehicle rentals further, please contact Gary Durie, Risk Analyst, Underwriting and Risk Services at (905) 265-5355, or by email [gdurie@mearie.ca](mailto:gdurie@mearie.ca)

The MEARIE Group's Reciprocal News is an electronic publication intended for subscribers of The MEARIE Group's Property and Casualty Insurance programs. It is published on a periodic basis and is intended for information purposes only. For further information, visit [www.mearie.ca](http://www.mearie.ca) or contact Gary Durie, Risk Analyst, Underwriting and Risk Services at [gdurie@mearie.ca](mailto:gdurie@mearie.ca).

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