

## TRAILERS, TOWING & COVERAGE

### INTRODUCTION

Over the years, we have received numerous inquiries regarding coverage for owned and non-owned trailers. The purposes of this article are to clarify the coverage that is provided by the State Risk Management (“Fund”) and to eliminate confusion. Because this is a general explanation of coverage, please remember that the unique facts and circumstances of a claim may create different coverage outcomes.

### COVERAGE OF OWNED AND NON-OWNED TRAILERS

**Coverage Agreements.** The Fund’s Auto Coverage Agreement defines trailer as “an unpowered vehicle towed by an automobile.” The Automobile Physical Damage Coverage Agreement also grants coverage to “each covered motor vehicle, and to any trailers or semi-trailers attached thereto.”

**Towing Privately Owned Trailers.** If, while in the course and scope of employment, one of your employees or approved volunteers uses an entity-owned, Fund-covered vehicle to pull a privately owned trailer, that trailer will be covered by the Fund for physical damage (collision and comprehensive coverages) while it is being towed. Furthermore, the employee or approved volunteer and the covered entity will generally be covered for any harm or damage to third persons and property.

**Coverage for Entity-Owned Trailers Towed by Privately Owned Vehicles.** If damage occurs to a covered-entity-owned trailer that is being pulled by a non-covered or privately owned vehicle, Risk will expect the non-covered/privately owned vehicle’s insurance to pay for the damage; however, if the insurer of the non-covered/privately owned vehicle does not cover the loss, the Fund will step in and cover that loss. In no event would there be Fund coverage for any damage to the non-covered or privately owned vehicle.

**Coverage for Scheduled, Detached Trailers.** If a covered entity has listed an owned trailer on its Statement of Values with the Fund and has paid the premium to cover that trailer, the trailer will generally be covered by the Fund, subject to a \$2,500 deductible, if it is damaged while it is parked and detached from a vehicle.

### DAMAGE TO TRAILER CONTENTS

**Entity-Owned Contents.** Any covered-entity-owned contents that are damaged inside an owned or non-owned trailer are generally covered by the Fund, subject to a \$2,500.00 deductible.

**Privately Owned Contents.** If the damaged property belonged to students, faculty, or staff, that property may be covered by the Fund at the option of the covered entity; however, the

owners of each damaged asset must first submit a damage claim to their own insurance carrier, and the Fund's coverage would cover the loss beyond involved.

**Privately Owned Vehicles and Trailers.** If entity-owned contents are damaged while being transported in a privately owned trailer by a privately owned vehicle, Risk will expect the privately owned vehicle's insurance to pay for that loss; however, if the insurer of the privately owned vehicle denies coverage, the Fund will step in and cover that loss. In no event would there be Fund coverage for any damage to the privately owned vehicle and trailer.

**Coverage Valuation.** Fund coverage of personal property is provided based on actual cash value ("ACV"), which means replacement cost less depreciation.

**No Negligence Claim Deductible/Valuation.** If damage to the property of others (including students, faculty, and staff) is caused by the negligence of our covered entity's employees or approved volunteers, the loss will be adjusted as a liability claim, for which there would be no deductible. Loss valuation will be based on ACV.

#### COVERAGE FOR VOLUNTEERS

**Liability Protection for Approved Volunteers.** The Volunteer Government Workers Act (UCA 67-20) allows all government entities, including schools, to extend liability and workers' compensation medical coverage to volunteers, including those who are asked to drive privately owned or entity-owned vehicles and tow privately owned or entity-owned trailers. These protections are only available if the volunteer is approved by the chief executive of your entity or an authorized entity representative before any volunteer service is provided. These "approved volunteers" are deemed to be your "employees" under the Governmental Immunity Act of Utah (UCA 63G-7). Risk recommends that its covered entities extend this protection to any volunteer who will be operating any vehicle or towing any trailer for their benefit.

#### CAVEAT

The foregoing explanation is not an all-inclusive listing of the various types of claims that can arise from using trailers. Please contact us whenever you have any questions or concerns.

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