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Bulletin

No. 06/93

Property and Casualty

- Auto

Insurance for groups of commercial vehicles

We are reviewing the practice of companies issuing a single or master policy of insurance to insure groups of commercial vehicles that have different owners. These contracts normally have a side agreement that provide large reimbursements and deductibles.

Although our review is continuing, we feel it is important to pass on the following advice now.

We urge companies who deal with this type of business to make sure:

1. There is valid insurable interest for each individual vehicle. Your lawyer should review your agreements.
2. Funds are safely deposited to reimburse companies as stipulated in the agreements. We strongly urge insurers to see that the funds are held in trust by a regulated financial institution.

For more information contact Lea Algar, Director, Market Conduct Branch at 590-7063.

Donald C. Scott

Commissioner

April 15, 1993

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