



Risk Management Considerations for Garage Policies

Are you exposed to an uninsured loss?

Liability resulting from the use or operation of an automobile is provided under an Owners Automobile Policy. However, section 1 of the Ontario Automobile Policy (OAP1), subsection 1.8.4., reads as follows: “Garage Workers Not Covered – No person who sells, repairs, maintains, stores, services, or parks automobiles as part of a business is covered by this policy while involved in conducting that business, unless the person in fact owns the automobile involved in an incident or is the partner or employee of the owner.”

If you are currently involved in any of these activities or employ personnel to perform these duties and have not purchased a Garage Automobile Policy or a Garage Liability Policy, you may be exposing your municipality to an uninsured loss.

Many assume that liability for all municipal activities and operations is covered under their Liability Policy. This

coverage has certain limitations and exclusions that are typical of all General Liability Insurance Policies. For example, operation of your own licenced automobile requires a separate Automobile Policy. Similarly, if you are providing any of the above-mentioned garage services, a Garage Policy is required.

Here are a couple of examples that demonstrate where such a policy is necessary:

1. A Transit Department that employs its own mechanics to repair and maintain buses that are owned by another municipality or business for a fee. (Note: This should not be confused with those that only repair their own vehicles.)
2. A Municipality who runs a parking lot or garage and moves third party vehicles around will have a garage exposure.

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