

## Court Distinguishes Differences Between Garagekeepers And Garage Liability Coverage

*Park 'N Go of Georgia, Inc. v. United States Fidelity and Guarantee Co.; (Georgia Supreme Court: No. 59600130; June 17, 1996)*

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A supreme court has just completed a case important to all automotive businesses. The result is a clear confirmation of the Garage Liability policy's "care, custody, and control" exclusion. This exclusion makes liability coverage unavailable to apply to "property damage as a result of your negligence" for damage to customers' cars while under a businesses' care.

The owners of more than 200 autos brought a class action suit, claiming negligence, against an airport parking company requesting compensation due to flood damage experienced during storage. Park 'N Go was insured by a \$1 Million Garage Liability policy including \$250,000 in Garagekeepers' coverage. USF&G, Park 'N Go's insurer, agreed to pay the \$250,000 of Garagekeepers coverage available, but declined to provide the additional needed compensation hoping to be found under the \$ 1 Million Garage Liability limit. Park 'N Go subsequently filed suit against USF&G demanding the Liability, as well as its Gargekeepers coverage part, apply. The court sided with USF&G's position; confirming that only the Garagekeepers coverage was applicable to the loss and that the Garage Liability section's exclusion precluded further coverage. USF&G, contingent upon payment of the original \$250,000 offered, was dismissed from the suit.

It can be confusing. Garage Liability and Garagekeepers are two separate coverages, with two separate language sections of a Garage Liability "package". Yes, the Garage policy does provide liability for "property damage" to others, yet because insurance companies will not allow themselves to be openly exposed to unknown fluctuating property exposures that may randomly expand in both value and description, for property under your care they subject the liability section to an exclusion. This is where Garagekeepers coverage comes in and fills the gap. It provides physical damage to customer cars at a specified limit of insurance chosen by you, the insured. It is coverage designed specifically for physical damage to autos left in your care. It should be noted, as well, that a business may have additional types of "property of others" under its care, which when facing a loss would be subjected to the same exclusion. All standard liability policies exclude coverage for "property under your care" (like a leased building, for example which is insured by the building owner, or, if required by the lease contract, insured under a property policy). Whatever the case, the "care, custody, and control" exclusion demands attention as the management of business risks requires the purchase of insurance contracts applicable to the exposures.

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