



# RISK NOTE

## **SUBJECT: VEHICLE COVERAGE**

This Risk Note outlines how vehicle coverage is provided to BC School Districts (SDs) covered under the Schools Protection Program (SPP). A review of liability coverage (including mandatory Insurance Corporation of BC coverage requirements) is provided under the *Primary Third-Party Liability*, *Excess Automobile Liability*, *Special Excess Automobile Liability*, and *Comprehensive Garage Liability* sections. A review of vehicle damage is also included in the *Physical Damage Coverage for School District Owned Vehicles* section. The *Frequently Asked Questions* included at the end of this Risk Note provides additional information about the most commonly asked vehicle coverage questions.

For recommendations and guidelines on rental vehicles, please see our [SPP Risk Note - Rental Vehicle Insurance Coverage](#).

### **Primary Third-Party Liability**

Starting May 1, 2021, the Insurance Corporation of BC (ICBC) is changing to a “no fault” insurance program, replacing BC’s previous litigation-based system. Under the new system, ICBC provides *Enhanced Care Accident Benefits*<sup>1</sup> to persons who are injured in a vehicle accident within BC.

Under the new system, legal action won’t be necessary for most vehicle accidents occurring within BC as everyone who is injured will have access to care and income replacement through ICBC. However, SDs will continue to obtain primary third-party liability coverage for circumstances where *Enhanced Care* coverage does not apply. For example, third party liability is still needed for circumstances such as:

- damage caused to someone else’s property (e.g. driver hits a building);
- damage caused to the contents of other vehicles;
- damage or injury caused to others outside of BC.

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<sup>1</sup> *Enhanced Care* is ICBC’s mandatory insurance program applicable after May 1, 2021; [www.ICBC.com](http://www.ICBC.com)

This means that **SDs will continue to maintain third party liability coverage through ICBC on all owned and licensed vehicles, including non-standard<sup>2</sup> vehicles** for on-highway use. Buses must carry a minimum third-party liability limit of \$10,000,000; vehicles such as cars, trucks, and non-standard vehicles (e.g. golf carts, forklifts, farm tractors, logging machinery, off-road vehicles, etc.) must be insured with a minimum liability limit of \$1,000,000.

As special note about coverage for non-standard vehicles for on-highway use, after May 1, 2021, SDs owning or licensing non-standard vehicles will continue to carry a minimum third-party liability coverage of \$1,000,000 through ICBC. However, SDs are not required to purchase optional third-party liability offered by ICBC (e.g. where ICBC offers optional third-party coverage for “off-highway<sup>3</sup>” use). This coverage is provided by SPP.

Please refer to <https://www.icbc.com/partners/new-insurance-model/Pages/Frequently-Asked-Questions.aspx> or contact your ICBC Autoplan broker for more information.

### **Excess Automobile Liability**

SPP provides Excess Automobile Liability under the SPP Liability Coverage Agreement. This Excess Automobile Liability covers the legal liability of the SD for loss or damage arising from the use or operation of any vehicle owned or licensed in the name of the SD and resulting from bodily injury or death to any person, or physical damage to the property of others.

This coverage is excess of the \$10,000,000, any loss, from the operation of a bus and excess of the \$1,000,000, any loss, on all other vehicles.

This Excess Automobile Liability coverage also extends to those automobiles owned or used by employees, or authorized volunteers, in the performance of their authorized duties. This coverage is excess of the primary automobile liability insurance limit carried by the vehicle owner.

### **Special Excess Third Party Liability Policy (Form APV 212)**

SPP purchases an ICBC Special Excess Third Party Liability Policy (Form APV 212) on behalf of all SDs. This policy bridges any gap that might exist between an owner’s

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<sup>2</sup> BC Legislation Bill 11 defines a non-standard vehicle as a motor vehicle that, as manufactured, does not conform to Canadian standards for motor vehicles for on-highway use, but could be licensed for limited on-highway use in BC. Some examples include forklifts, farm tractors, logging machinery, golf carts, and off-road vehicles.

<sup>3</sup> Per the BC *Motor Vehicle Act*: Highway includes (a) every highway within the meaning of the Transportation Act, (b) every road, street, lane or right of way designed or intended for or used by the general public for the passage of vehicles, and (c) every private place or passageway to which the public, for the purpose of the parking or servicing of vehicles, has access or is invited; but does not include an industrial road.

(officer, employee or volunteer) own liability limit (which could be as low as \$200,000) and the SPP minimum required liability limit of \$1,000,000 when the vehicle is being used for SD purposes. It is important to note that this policy only addresses the limit of liability; it does not remedy a situation where an individual may have rated their vehicle incorrectly (e.g. personal use vs. business use). This Special Excess Third Party Liability policy covers:

- Officers and employees of a SD who operate their own vehicle or someone else's vehicle (but not a vehicle owned by the SD) with that person's permission, in the course of their employment with the SD;
- Volunteers who operate their own vehicle or someone else's vehicle (but not a vehicle owned by the SD) with that person's permission, while acting within the scope of their volunteer duties with the SD;

This coverage also applies where the officer, employee or volunteer leases their vehicle through a long-term lease (i.e. the vehicle is leased and licensed in their name).

In British Columbia the minimum limit that a vehicle must carry with ICBC for automobile liability is \$200,000. This bridging policy is purchased in the event that an officer, employee or volunteer only place the minimum limit on their vehicle. The ICBC Special Excess Third Party Liability coverage and the SPP Excess Automobile Liability Coverage Agreement follow the conditions of the ICBC primary coverage. This means that if the conditions under the primary policy are not met (e.g. insuring the vehicle for pleasure use and using it more than 6 times per month for business use or driving to/from work, impaired driving, etc.) then the excess coverage provided by ICBC and/or SPP may not respond.

### **Comprehensive Garage Automobile Policy**

If the SD runs an automotive program, a **Comprehensive Garage Automobile Policy (Form APV 4)** must be purchased from ICBC. A minimum limit of \$1,000,000 Third Party Legal Liability should be obtained from ICBC. If this limit is exhausted, the SPP Excess Automobile Liability coverage will respond to provide additional liability limits of liability coverage. The ICBC APV 4 is arranged according to a SD's needs and use (e.g. School Vocational Auto Shop, Private Repair Garage or a combination of both). These options should be reviewed with the SD's ICBC Autoplan broker to ensure the correct coverage is placed.

## **Physical Damage Coverage for School District Owned Vehicles**

SPP has provided Collision and Comprehensive coverage for all vehicles owned or licensed by BC School Districts since July 1, 2016. This coverage continues after May 1, 2021 with some changes to align with ICBC changes.

Effective May 1, 2021, ICBC changed to a “no-fault” coverage program. This change affects how claims are paid when damage to a SD’s vehicle is caused by another “at-fault” party. Rather than litigating against the at fault party to pay for the damage, coverage is now provided under the SD’s own ICBC coverage, up to a limit of \$200,000. This coverage is referred to as “Basic Vehicle Damage” or (“BVD”).

SPP provides Collision, Comprehensive, and Hit & Run coverage for all SD owned or licensed vehicles, subject to a \$1,000 deductible. It is not necessary for SDs to separately purchase collision, comprehensive, and/or hit and run coverage for vehicles owned or licensed in the name of the SD.

ICBC requires that all events that may require repairs under BVD must be reported to ICBC **within 90 days** of the event. Additional information regarding this and other changes can be located at [www.ICBC.com](http://www.ICBC.com). Failing to report to ICBC may impact the SD’s opportunity to make a claim.

Situations may arise where drivers share fault for an accident. In those circumstances, ICBC and SPP will share the loss. ICBC (BVD) coverage will pay for damage to SD vehicles to the extent the SD driver was not at fault, up to a maximum of \$200,000. SPP would cover any loss above that limit. SPP also pays for damage to the SD vehicle deemed to be the fault of the SD driver.

For example, if a SD vehicle is involved in a multi-vehicle accident in BC and is found to be 40% responsible for the accident, ICBC (BVD) will cover 60% of the loss (i.e. the percentage the SD driver **was not** at fault), and SPP collision coverage will cover 40% of the loss (i.e. the percentage SD driver **was** at fault).

Training materials and detailed instructions on how to report automobile claims (including the [New Claim Report](#)) are available on the SPP website. Please refer to the [Vehicle Insurance – School District Claims Reporting Flowchart and Scenarios](#) link for further details. The New Claim Report must be attached to the SD’s [Incident Report](#) when reporting new claims to SPP at [www.incident-request.org](http://www.incident-request.org). When required, please send a copy of the New Claims Report to ICBC at [fleet.claims@icbc.com](mailto:fleet.claims@icbc.com)

## **Frequently Asked Questions**

### **Under what circumstances would an employee or volunteer drive and/or vehicle owner disqualify for the Excess Automobile Liability coverage provided by SPP?**

When the vehicle is used for a purpose other than what it is insured for under the primary insurance (e.g. insured for pleasure use only and the vehicle is actually used for business purposes or to drive to/from work more than 6 times per month) and/or when the vehicle is operated in violation of any motor vehicle regulation or section of the criminal code (e.g. impaired driving).

### **What happens if there is a physical damage to an employee's or volunteer's owned or borrowed vehicle?**

SPP does not provide any coverage for physical damage to employee's or volunteer's owned or borrowed vehicles. It is the responsibility of the vehicle owner to insure physical damage direction with an Insurer.

### **Should the School District allow employees to use their vehicle for personal use?**

SPP is not intended to provide coverage for liabilities that are not associated with the provision of educational services (e.g. vehicle used on vacation, hitching a trailer to vehicle for personal use, etc.). In addition, there will be increased wear and tear on the vehicle. SPP recommends that employees only be permitted to drive vehicles while on School District business and while commuting to/from work.

***We like to hear from you! Please contact your SPP risk management consultant at 250-356-1794 or [protection.program@bcspp.org](mailto:protection.program@bcspp.org) for additional advice or information.***