



CASE STUDY #4

Raymond is a college student who works part-time as a delivery driver for Hometown Pizza. Usually he drives his Chevrolet pick-up truck to deliver pizzas, but his truck is at the shop being repaired, Patrick – Raymond’s boss – and the owner of the pizza parlor, loans him a company car to make the deliveries.

Raymond is insured under a PAP policy with no special endorsements.

One evening, while driving the company car, Raymond is involved in a serious accident. Returning from a delivery, he takes his eyes off the road for a second and rear-ends a woman driving a compact car. Her young daughter, who was riding in a rear seat, is injured. There is significant damage to the rear of the other party’s vehicle, as well as moderate damage to the front of Hometown Pizza’s vehicle.

When Raymond submits the claim to his insurance company, he is told that there is no coverage for the accident because he was not the owner of the vehicle he was driving at the time of the incident.

QUESTIONS

- **Using the PAP policy, determine if Raymond’s auto insurer was correct in their position regarding coverage for the accident. Why OR why not?**
- **What specific insuring agreements, conditions, or exclusions apply to this situation?**
- **What endorsement(s) are available for use with the PAP that should have been offered to Raymond?**
- **How would a policy issued to Hometown Pizza affect the outcome of this case? Is it possible that both policies would apply to the loss? Why or why not?**
- **What do you feel is the best way to handle a similar situation where an employee drives a vehicle owned by his or her employer?**