

Commercial Insurance Update

Topics Affecting Buyers of Commercial Insurance

MSP C 06/00 – “Auto Coverage in Mexico – Addressing the Perennial Problem”

June, 2000

Auto Coverage in Mexico Addressing the Perennial Problem

United States citizens who operate a vehicle in Mexico without purchasing Mexican auto insurance at the border are engaging in a game we call “Mexican Roulette.” In the event of an accident, the consequences imposed by the Republic of Mexico can be considered not only a civil matter, but also a criminal offense. What’s more, the vehicle operator can be detained and his/her vehicle impounded until financial responsibility has been verified.

You can buy limited Mexican auto coverage under certain commercial policies, but as the name implies, coverage is limited. The Limited Mexico Coverage endorsement amends four sections of the standard commercial auto coverage form in question.

The Limited Mexico Coverage Endorsement

The first portion of the policy to be amended is the General Conditions section that deals with Policy Period and Coverage Territory. As a result, the coverage territory of the policy is said to be extended to include Mexico but only for “accidents” or “losses” occurring within 25 miles of the U. S. Border, and trips into Mexico of 10 days or less.

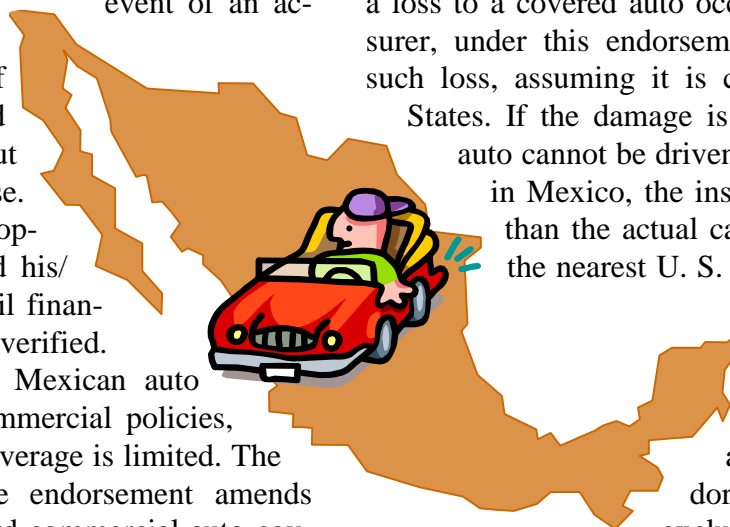
The commercial policy’s Other Insurance condition is amended as well. The effect is that the coverage provided by this endorsement is viewed as

excess over any other collectible insurance.

Physical damage coverage also is amended, if such coverage is maintained on the covered auto. If a loss to a covered auto occurs in Mexico, the insurer, under this endorsement, agrees to pay for such loss, assuming it is covered, in the United States. If the damage is such that the covered auto cannot be driven and has to be repaired in Mexico, the insurer will not pay more than the actual cash value of the loss at the nearest U. S. point where the repairs can be made.

The last section of the commercial auto policy that is amended by this endorsement concerns the exclusions. Two exclusions are added. Insurance does not apply (1) if the cov-

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ered auto is not principally garaged and principally used in the United States, and (2) to any insured who is not a resident of the United States. This endorsement does **not** apply to accidents or losses which occur outside of 25 miles from the boundary of the United States of America.

Limited Mexico Auto Endorsement Warning

Auto accidents in Mexico are subject to the laws of Mexico only – not the laws of the United States of America. The Republic of Mexico considers any auto accident a criminal offense as well as a civil matter.

In some cases, the coverage provided under this endorsement may not be recognized by the Mexican authorities, and ***we may not be allowed to implement this coverage at all in Mexico.***

Always purchase auto coverage from a licensed Mexican insurance company before driving into Mexico. Some companies provide drive-through windows close to the border (so there are no excuses). A daily policy will cost \$10-15, but it is money well spent.

The following numbers and websites provide additional information :

- [Baja California Mexico Tourism Agency](#)
800-522-1516
- [U. S. State Department](#)
travel.state.gov/mexico.html
- [Auto Club](#)
www.aaa-calif.com/travel/mexinsur.asp
- [Oscar Padilla Insurance Agency](#)
www.mexicaninsurance.com/faqs.htm ✦



Disclaimer: This article is written from an insurance perspective and is meant to be used for informational purposes only. It is not the intent of this article to provide legal advice, or advice for any specific fact, situation or circumstance. Contact legal counsel for specific advice.

Driving in Mexico Safety Tips

Hazardous driving conditions abound in Mexico. Here are some safety tips to help you avoid problems:

- **Don't drive at night.** Tales you've been told about gigantic potholes and loose livestock are not exaggerations.
- **Slow down** if the road is bad.
- **Avoid the road shoulder.** There can be a 6-12 inch or more difference between the road surface and the shoulder on older roads. Newer roads often have curbs which make pulling off hazardous or impossible.
- **Bring survival supplies.** Plenty of water, a first aid kit, and at least one spare tire are essential items to carry with you.
- **Fill up often.** There are often long stretches without gasoline stations, so whenever it's available, be sure to buy fuel whenever your gauge approaches the halfway mark.
- **Be prepared for traffic.** Slow-moving vehicles on two way roads with limited visibility are the norm in mountainous areas. You should be prepared to spend a lot of time moving slowly, so plan the amount of time you have allotted for your drive accordingly.
- **Don't drive when it rains.** Mexican roadbed quality can be unpredictable and roads can disintegrate in bad weather, leaving potholes large enough to swallow a vehicle. Roads also can become rivers of mud and water during storms. If you can't see what's under a water-covered section of road, either drive around it, or let another vehicle drive through it first. ✦

Violence in the Workplace

On July 29, 1999, a day trader, Mark Barton, marched into the offices of All Tech Investment Group and Momentum Securities and murdered 9 employees of the two brokerage firms.

Unfortunately, workplace violence is becoming a more distressing reality for all types of businesses. Employers can no longer go without concern of violence throughout the workplace. While precautions can be taken to prevent workplace violence, it is difficult to anticipate when and if an employee or any other individual (customer, vendor, family member of an employee) will decide to take violent actions against fellow employees or customers.

Consider the following statistics:

- An average of 20 employees are murdered each week
- Violence costs employers \$4.2 billion annually, including property damage, business interruption and the resulting negative effects on morale and reputation

One of our companies, Chubb, has introduced a new product to deal with workplace violence. **ForeFront Security** is designed to help compensate companies that are dangerously exposed by losses caused by unforeseen violence. Policy features include:

- Loss of business income due to Workplace Violence
- Security consultant to respond to and resolve a crisis situation
- Public relations costs to contain damage



- Security guard service
- Death benefits
- Rest and rehabilitation services for victims
- Salaries of employee victims and temporary employees
- Medical, dental, psychiatric or cosmetic services for victims

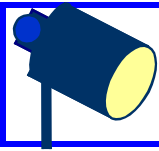
Please let us know if you'd like more information regarding Workplace Violence and Chubb's **ForeFront Security** product. ✦

Cavignac & Associates Launches New Website!

What do you need from us? How can we make it easier for you to get what you need, 24 hours a day? Our exciting, completely redesigned website is now open for business!

www.cavignac.com not only offers information about our agency, departments and personnel, but also features on-line bond and insurance applications, interactive certificates of insurance as well as current and past publications.

Take a virtual tour of our unique agency, and see what we have to offer your business. Our new website has been designed to grow — visit often for the latest on-line additions and new features! ✦



Charitable Opportunities



Downtown Senior Center – “Serving Seniors”

Jeff Cavnac was invited to the Downtown Senior Center’s Annual Luncheon, where he learned about the “Serving Seniors” program. At our next weekly staff meeting, Jeff told us about the program and asked if any of us would like to volunteer. The answer was a resounding “yes!”

Our office volunteers to serve lunch once a month. Below are comments from some of our staff:

Lisa Wachholz, Account Manager: *“I feel grateful for all the good things in my life and want to give to others who aren’t as fortunate. I especially like helping the elderly so they realize they’re not forgotten at this stage of their lives. I hope we’re able to make them feel important even if it’s just taking the time to say ‘I hope you enjoy your meal.’”*

Dorothy Amundson, Account Executive: *“It’s great to see how the seniors all support each other – it’s obvious they look forward to their hot lunch and ‘social time.’ They remind me of the wonderful times I spent with Grannie and Grandpa, asking a million questions and tagging along everywhere. Grandpa never seemed to run out of answers (or patience)! It makes me feel like I’ve done my good deed for the day and it’s obvious that they center is thankful of our services.”*

Betty McLaurin, Account Manager: *“I enjoy going and seeing some of the familiar faces that I’ve seen for the past 8-10 years. They are so appreciative, funny, flattering (flirtatious) ... it’s a good reminder of what ‘respecting your elders’ used to (and*

should still) mean, as well as a mirror of our own possible futures. It brings out a good feeling in myself that I have contributed to making another’s day special or that I have been helpful... The people who run the program or work there are very nice and it’s always good to see them, too.”

Celia Mondfrans, Account Manager: *“I like volunteering for Serving Seniors because it feels good... I feel seniors have given us ‘young ones’ so much over the years. I enjoy doing a little something that can make a difference for the seniors. We all have grandparents and we will be grandparents someday. Some of these seniors don’t have anyone. After all they have done for u, I feel it is the least I can do to help make their lives a little easier; brighter.”*

Sue Marberry, Office Manager: *“Serving lunch there is one of the easiest jobs I’ve done – it produces an immediate reward because the people are so nice and grateful for just a cheerful smile and greeting. My mom went to a senior center after my dad died and she was on her own.... I just like doing what I can to help people out, and this is such an easy, structured way to do it, as it works out to only once every few months.”*

As you can see, “Serving Seniors” benefits not only the seniors! For more information, contact the Senior Community Centers at 619-235-6538 or on-line at www.serving seniors.org. ✦

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