Professional Athletes and Coaches are often furnished vehicles from luxury automobile manufacturers, or high end auto dealerships, with the intent of promoting a specific brand. While not expected to make monthly lease payments, the arrangement may come with a non-monetary consideration for the vehicle loan, inclusive of signed merchandise and memorabilia, appearances or commercials, and tickets to games and events.

In these arrangements, the auto manufacturer or dealership retains the registration and title of the vehicle, but the matter of insurance can be quite unclear. Typically a formal contract agreement will outline the duration, and other key elements of the arrangement. Careful review of the agreement by your insurance professional is crucial to ensuring the proper insurance placement for the vehicle and appointed drivers. The agreements will typically identify the following:

1. The parties in the agreement
2. If and how the dealer/brand would like to be listed on the policy
3. The consideration, in lieu of a monthly monetary payment
4. The duration of the agreement
5. The vehicle usage restrictions
6. The insurance responsibilities

It is not unusual for high profile individuals to establish shell corporations or other entities, designed to capture and account for income and incentives from endorsements and events. If the agreement for the vehicle loan is made between the car manufacturer, auto dealer and the client's entity, the insurance that is placed must include protection for the entity. The inclusion of these entities on a personal auto policy, either as a named or additional insured, require special underwriting consideration and not all personal insurance carriers will approve this. Insurance carriers willing to consider these arrangements will require reassurance that the client is the sole member of the entity, and that the entity is not associated with other business activities. To qualify coverage acceptability,
the insurer will require details surrounding the compensation or consideration of the arrangement, the frequency and use of the furnished vehicle, and personal information for any possible drivers.

The dealer or auto manufacturer may ask to be included as a loss payee and/or additional insured on the insurance contract, since they will continue to hold the title and registration of the vehicle. The agreements may also define who is permitted to drive the car, where the vehicle may be taken, along with other restrictions.

In some cases, the personal auto policy may afford automatic or limited auto liability and physical damage coverage, in the same way it would for a rented vehicle. The duration of this automatic coverage will vary by insurance carrier, and associated insurance contract language, which typically limits non-owned auto coverage to 30, 60 or 90 days. If the duration of the agreement exceeds the non-owned coverage time limit, it will be necessary to add the furnished vehicle on a personal auto policy in order for coverage to apply, subject to a pro rated premium charge.

Contractual agreements executed by the auto manufacturer, may already include auto liability coverage for the authorized driver(s) of the furnished vehicle, but may not provide coverage for:

- Medical Payments
- Uninsured/Underinsured Motorist Bodily Injury
- Vehicle Physical Damage

To eliminate this gap in coverage, the Brand Ambassador’s insurance carrier may require that the vehicle be fully insured on an automobile policy, even though auto liability is already provided by the car manufacturer’s insurance coverage.

Finally, regardless of who is insuring the primary layer of insurance, the vehicle should be added to the personal umbrella policy, to ensure the broadest coverage. Of course, if the client’s entity is part of the arrangement, the entity should also be listed or otherwise included on the umbrella policy in order to afford coverage.

**CASE STUDIES**

1. The agreement is between a high end auto manufacturer and the individual. The manufacturer provides the liability coverage, but the individual is responsible for insuring damage to the vehicle, whatever the cause. The agreement restricts usage to the individual, employees and the individual’s immediate household family members. The vehicle is not to be driven in Mexico. The consideration was not discussed. The duration of the agreement was 60 days.

   **THE SOLUTION:**
   Since the individual’s personal auto policy limits coverage for rented and non-owned vehicles to 30 days, the vehicle was added to the individual’s personal auto policy for full coverage. The vehicle was also listed on the personal umbrella policy.

2. The agreement is between a local auto dealership and an individual’s shell corporation. The shell corporation is responsible for insuring the vehicle, and a minimum liability limit of $500,000 combined single limit is specified. The dealership requires that they be listed as additional insured and loss payee. There are no usage restrictions. The shell corporation agrees to provide some signed merchandise, game tickets, and prominent display of the dealer’s name on the vehicle. The duration of the agreement is 365 Days.

   **THE SOLUTION:**
   The vehicle was added to the individual’s personal auto policy. The limit of liability met the liability requirement. The individual’s shell corporation was approved by underwriting, and listed as an additional insured. The dealership is listed as additional insured and loss payee. The vehicle was also listed on the personal umbrella policy.

3. The agreement is between a high end auto manufacturer and the individual. The manufacturer provides the liability coverage, but the individual is responsible for insuring damage to the vehicle, whatever the cause. The agreement restricts usage to the individual, employees and the individual’s immediate household family members. The duration is 365 days. Consideration involves appearances and signed merchandise.

   **THE SOLUTION:**
   The vehicle was added to the individual’s personal auto policy for full coverage, so that un/underinsured motorist, medical payments and physical damage coverage would apply. The vehicle was also listed on the personal umbrella policy.