Product: Garage Keepers & Automobile Dealer Lots Legal Liability

Manufacturer Information

Product information

This is a commercial insurance product, providing 3rd party liability coverage, arising from property damage and bodily injury caused to another person or person(s) property as a result of an owned, leased, hired vehicle whilst in the Insured's care custody or control.

At the insured's request, additional extensions to cover are available.

Core Coverage:

This product provides coverage against the insureds potential financial loss if they are held liable for damage(s) caused to another person (Bodily Injury), whilst their property was in the insureds care, custody and control.

Section A - Civil liability, this coverage is MANDATORY and covers the financial consequences that an insured person may incur if held civilly liable for damage caused to another person by an insured vehicle owned, driven or operated by the insured.

Optional Coverage:

Customers may consider purchasing optional coverages depending on their individual needs which can include but is not limited to the following, dependent on territory & the specific form(s) being used:

This product may be extended to provides coverage against the insureds potential financial loss if they are held liable for damage(s) caused to another persons property (i.e. their vehicle and equipment / accessories used exclusively with their vehicle) by the insured, whilst their property was in the insureds care, custody and control.

The insured has the option to purchase optional cover under:

- **Section B :** Coverage for damage to vehicles of which the named insured is the owner (any direct and accidental damage to an insured vehicle or the equipment and accessories used exclusively with this vehicle and the disappearance of an insured vehicle or the any direct and accidental damage to an insured vehicle or the equipment and accessories used exclusively with this vehicle; and the disappearance of an insured vehicle or the equipment and accessories used exclusively with this vehicle).; and /or
- **Section C:** Civil liability arising from damage to customers' vehicles.

This optional covers above may be purchased on an 'All Perils'; 'Perils of Collision and Upset'; 'All Perils other than Collision and Upset' or a 'Specific Perils' basis.

Basis of Cover:

1. **All perils**
   This protection covers damage caused by any type of peril.

2. **Collision and upset**
   This protection covers damage caused by the perils of collision and upset.
   "Collision" includes:
   a. any collision between an insured vehicle and the ground;
   b. any collision between two vehicles attached to each other; and
   c. any collision between an insured vehicle and a person or an animal.
   "Upset" of an insured vehicle may be partial or total.

3. **All perils other than collision or upset**

This protection covers the perils listed in 'specific perils below' as well as:

a. falling or flying objects;
b. malicious mischief; and
c. projectiles.

This protection also covers damage caused by a collision between an insured vehicle and a person or an animal.

4. Specific perils

This protection only covers damage caused by the following perils:

a. attempted theft;
b. civil commotion;
c. earthquakes;
d. explosions;
e. falling or forced landing of aircraft or parts of aircraft;
f. fire;
g. hail;
h. lightning;
i. riots;
j. rising water;
k. stranding, sinking, burning, derailment or collision of any railroad car, vessel or tow truck upon which an insured vehicle is being transported;
l. theft; and
m. windstorms.

This product may also provide the policyholder with protection against defence costs including legal cost and expenses in the event of a lawsuit

Target market

The Garage Keepers & Automobile Dealer Lots Legal Liability product is specifically designed for commercial entities in Canada and the USA that operate in the automotive services and dealership sector. It provides liability protection for businesses responsible for vehicles or personal property in their care, custody, or control, covering risks such as property damage and bodily injury arising from insured vehicles.

Key characteristics include:

(1) Business Size & Type

- Micro enterprises, small businesses, mid-sized, and large commercial operations engaged in automotive-related activities.
- Typical businesses include:
  a) Mechanics and vehicle repair shops
  b) Garages and auto service centers
  c) Vehicle detailing and paint services
  d) Auto glass repair services
  e) Valet and parking services
  f) Auto and trailer dealers with service departments or body shops
  g) Automobile dealership lots

(2) Insurance Profile

- Customers who require third-party liability coverage for vehicles and property under their control.
- Coverage includes:
  a) Civil liability for bodily injury and property damage
  b) Damage to vehicles owned by the insured
  c) Damage to customers' vehicles while in the insured's care
- Optional extensions available for broader peril protection (e.g., collision, upset, theft, fire, natural disasters).

(3) Customer Needs & Behaviours

- Businesses that value financial protection against liability claims and legal defense costs.

- Likely to prioritise:
  a) Comprehensive coverage for diverse risks (collision, theft, fire, etc.)
  b) Flexibility to tailor coverage to operational needs
  c) Reliable claims handling and compliance with local regulations
- Customers typically seek peace of mind when managing vehicles belonging to others, especially in high-turnover environments like dealerships and valet services.

(4) Geographic Scope
- Distributed exclusively in Canada and the USA, subject to Lloyd's licensing requirements.

(5) Distribution Channel
- Sold via licensed coverholders and Lloyd's brokers through:
  a) Delegated authority arrangements
  b) Open market placements
- Policies are marketed and underwritten by specialist brokers with expertise in automotive liability risks.

(6) Circumstances Where Product Delivers Greatest Value
- When businesses have significant exposure to third-party vehicles, such as:
  a) Dealership lots with high vehicle turnover
  b) Garages and repair shops handling customer property
- Situations where legal liability and defense costs could result in substantial financial impact.

Types of customer for whom the product would be unsuitable

This product is not appropriate for:

1) Private Individuals
- The coverage is designed for commercial entities only and does not extend to personal or private vehicle owners.

2) Businesses Outside the Automotive Sector
- Any commercial entity that does not own, lease, operate, or have vehicles or personal property in its care, custody, or control (including trailers and semi-trailers) is outside the scope of this product.

3) Entities Operating Outside Approved Territories
- The product is not approved for sale outside Canada and the USA, and cannot be distributed in jurisdictions where Lloyd's does not hold a license.

4) Non-Garage or Non-Dealer Operations
- Businesses without activities such as vehicle servicing, repair, detailing, storage, or dealership operations (e.g., general retail, hospitality, or non-automotive industries).

5) Customers Seeking Personal Accident or Standard Auto Insurance
- The product does not provide personal auto coverage or accident benefits for individuals; it is strictly a commercial liability solution.

Any notable exclusions or circumstances where the product will not respond

(i) Exclusions & conditions can include but are not limited to the following dependent on the specific sections purchased under the QPF 4

Section A excludes:
- Any loss that occurs in the course of an activity that is not a described business activity;
- Any bodily injury caused to an employee, shareholder, member or partner of the named insured in connection with a described business activity;
- Any damage caused to a person who is engaged in a garage business while an insured vehicle is in the person's custody, except where this person is the named insured, or the named insured's employee, shareholder, member or partner; or the vehicle is driven in Québec;
- Any damage caused to a customer's vehicle;
  Bodily injury when compensated for under the Automobile Insurance Act, Acts respecting industrial accidents and occupational diseases, Crime Victims Compensation Act;

- Any liability imposed under a works compensation act;
- Modified or racing vehicles;
- Vehicles transporting petroleum products;
- Vehicles which are used to transport or tow vehicles (this does not include tow trucks);
- Livery; and
- farm or contractors equipment.

Section B & C Excludes:
- Tires, Breakdown, Mechanical Failure, Wear & Tear, War, Corrosion, Explosion, Freezing;
- Modified or racing vehicles;
- Vehicles transporting petroleum products;
- Vehicles which are used to transport or tow vehicles (this does not include tow trucks);
- Livery; and
- Farm or contractors equipment

Exclusions applied, subject to regulatory and or territorial requirements can include but not limited to:
- Nuclear, biological, radioactive contamination;
- Communicable disease
- Cyber
- Terrorism
- War

(ii) Limits of liability:
Limits are agreed for each section of the policy and can differ for each defined peril and defined coverage item. This will be agreed with the policyholder and be stated in the policy documentation.

(iii) Excesses & deductibles
Polices may be subject to Deductibles or Excesses where Insurers are not liable for the amount of claims up to the deductible or excess value(s) Claims that are submitted that fall below the deductible or excess value will not be paid.

Depending on the needs of the client, there may be sublimits within the policy for certain extensions of coverages or perils. Claims Made under optional extensions of cover purchased or perils subject to sublimits will not be paid

If agreed terms and conditions (including warranties and conditions precedent) that were agreed when the policy was placed have not been adhered to, this could mean a notifed claim may be denied.

Other information which may be relevant to distributors

This product should be sold in line with FCA or local regulations and can only be sold by a regulated insurance distributor.

Sales journeys must identify customer eligibility and ensure that key information and choices to be made are presented to customers in a way that supports a customer through the process of understanding core cover and configuring optional elements of insurance to suit their specific demands and needs.

This product can be sold face to face, via telephone, electronic communications or a mix of these methods, as long as customers are provided with sufficient information to make an informed decision regarding the suitability of the product.

This product can be sold with or without advice in line with FCA regulations or local regulations if the distributor is regulated outside of the UK.

Where Distributor 1 sells this Product via multiple other distributors (via sub-delegation or sub-broking), it is their responsibility to ensure all distributors have been provided this document, have reviewed it and understand the content. If there is any additional remuneration, including commissions, fees or other 'non-standard' remuneration charged to the customer by other

distributors, it is the responsibility of Distributor 1 to inform TMK of these details accurately and in full.

Commission & Fees

If there is a coverholder in the chain, they are expected to ensure that maximum commission rates do not exceed those stipulated within the Binding Authority Agreement.

The coverholder is expected to maintain oversight of all broker commissions (where applicable) and, where there may be a risk to product value, remedial action should be taken immediately including notification to Tokio Marine Kiln.

Brokers are reminded of their own regulatory obligations in relation to remuneration under PROD 4.3.6 as well as the requirements to make all necessary disclosures to the customer.

Where there are any fees charged by any member of the distribution chain these should be:

- commensurate with the service provided by the distribution.
- not have an adverse impact on customer value; and
- distributor should ensure that TMKS is made aware of the fee amount and/ or method of calculation.

How value is assessed

Value is assessed based on a number of metrics, including underwriting, claims and complaints information as well as through broker and coverholder engagement.

Remuneration paid as set out in our agreements with distributors has been considered as part of the value assessment.

If additional add-ons (including premium finance) are sold alongside this product or additional remuneration is charged, this may affect the value for the customer.

Further information on our product approval processes can be obtained on request.

Date Fair Value assessment completed	August 2026
Expected date of next assessment	August 2027