
NEW BRUNSWICK INSURANCE BOARD

TO: ALL INSURERS TRANSACTING BUSINESS IN THE PROVINCE OF NEW BRUNSWICK
FROM: KELLY FERRIS, MANAGER INSURANCE SERVICES
SUBJECT: APPLICATION OF DIRECT COMPENSATION PROPERTY DAMAGE (DCPD) FOR PERSONAL TRAILERS
DATE: JULY 17, 2006
CC: FRANCINCE NADON, DEPUTY SUPERINTENDENT OF INSURANCE

It has recently come to the attention of the New Brunswick Insurance Board that some companies might be charging a premium for DCPD on personal trailers, boat trailers, and snowmobile trailers etc.

The Standard Owner's Policy - SPF No. 1 defines trailer, for the purposes of Sections A, B and D, to be any trailer which is used in connection with the automobile.

For the purposes of Section A.1 (Direct Compensation – Property Damage), a trailer is defined as any trailer owned by the insured and not described in the Policy, while attached to an automobile of a gross vehicle weight of 4,500 kilograms or less, or while not attached to an automobile, provided such trailer is generally used with an automobile with a gross weight of 4,500 kilograms or less. However, this does not include a trailer designed or used for carrying passengers or for dwelling or commercial purposes.

For the purposes of DCPD, a trailer owned by the insured will meet the definition of “the automobile” even if it attached to an automobile with a gross weight of less than 4,500 kilograms that is not owned by the owner of that trailer, so long as the trailer is not designed or used for carrying passengers or for dwelling or for commercial purposes.

Please ensure that there is no premium being charged for DCPD for trailers as per above. If there is currently a premium being charged for DCPD on trailers it must be reversed immediately.

If you have questions on any of the above please do not hesitate to contact the undersigned at (506)643-7711.