


South Carolina Department of Insurance

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BULLETIN 2007-14

TO: Insurers Writing Automobile Property and Casualty Insurance in South Carolina

FROM: Scott H. Richardson, CPCU 
Director

SUBJECT: Interpretation of "used for business" Exclusions and Limitations in Automobile Insurance Policies

DATE: September 11, 2007

Recently, questions have been raised regarding the interpretation of "used for business" as that phrase is used in the exclusions and limitations provisions of personal automobile insurance policies. The purpose of this Bulletin is to clarify the Department's position with respect to this issue.

Courts have long held that a personal automobile used casually in attending to work does not constitute business use. *See Automobile Insurance Exchange v. Wilson*, 144 Md. 249, 124 A. 876 (1923). For example, if an individual uses his personal automobile occasionally for business errands, this does not in and of itself constitute a "use in the course of business."

"Used in the course of business" or "business use" means that the vehicle is *required* or *customarily involved in the insured's business, profession or occupation*. For example, the use of one's personal vehicle for pizza delivery constitutes business use as the vehicle is required or customarily used by the insured in the duties of their business or occupation. Occasional or casual uses of a personal automobile that are incidental to the actual operation of a business are not considered "used for business."

It is the Department's position that personal automobiles that are used as a means of transportation to and from the place of business and casually upon business errands, as well as those used exclusively for pleasure, do not constitute business use. These are examples of "personal use" and are not being used "in the course of business or trade." Such uses are a convenience but not a necessity when the business is carried on in its usual and customary manner. Accordingly, such casual uses should not be subjected to the exclusions and limitations provisions of an insurance policy.

For questions and comments on this issue please contact Carla Griffin, Manager, Office of Product Regulation at cgriffin@doi.sc.gov.