Part 387

**Section § 387.15: Forms.**

## Guidance Q&A

**Question 1: May the motor carrier meet the financial responsibility requirements by aggregating insurance in layers?**

**Guidance:** Yes. A motor carrier may aggregate coverage, by purchasing insurance in layers with each layer consisting of a separate policy and endorsement. The first layer of coverage is referred to as primary insurance and each additional layer is referred to as excess insurance. Example: ABC Motor Carrier transports Division 1.1 explosive material and is required to maintain $5 million coverage. ABC Motor Carrier decides to meet this requirement by purchasing a primary insurance policy of $1 million from insurance company A, an excess policy of $1 million from insurance company B, and a $3 million excess policy from insurance company C. Each policy would have a separate endorsement (Form MCS-90). The endorsement provided by insurer A would state "This insurance is primary and the company shall not be liable for amounts in excess of $1,000,000 for each accident." The endorsement provided by insurer B would state "This insurance is excess and the company shall not be liable for amounts in excess of $1 million for each accident in excess of the underlying limit of $1 million for each accident." The endorsement provided by insurer C would state "This insurance is excess and the company shall not be liable for amounts in excess of $3 million for each accident in excess of the underlying limit of $2 million for each accident."