Part 387

**Section § 387.39: Forms.**

## Guidance Q&A

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

**Guidance:** Yes. A motor carrier of passengers 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. Each policy would have a separate endorsement (Form MCS-90B). For example, where a carrier is subject to the $5,000,000 limit for passenger carriers, the endorsement provided by insurer A would state "This insurance is primary and the company shall not be liable for amounts in excess of $1,500,000 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 $1,500,000 for each accident in excess of the underlying limit of $1,500,000 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 $2,000,000 for each accident in excess of the underlying limit of $3,000,000 for each accident."

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