

# Commercial Vehicles May Have Higher Limits of Insurance Coverage

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In the published case of Rafanello v. Taylor-Esquivel, et al, the Appellate Division addressed whether a commercial vehicle was required to provide the minimum insurance coverage amount of \$750,000 when engaged in interstate or intrastate commerce where the operator of the commercial vehicle was not listed on the insurance policy.

## What Happened in the Multi-Vehicle Accident

In this multi-vehicle accident, plaintiff, Rafanello (Rafanello) was rear ended by a dump truck operated by defendant, Taylor-Esquivel (Taylor-Esquivel) who was in the course of his employment with NAB Trucking, LLC (NAB). Upon impact, Rafanello's vehicle struck a third motor vehicle operated by plaintiff, Prupis. At the time of the accident, Taylor-Esquivel was hauling dirt to Newark and operating a dump truck which weighed 26,001 pounds. Rafanello suffered personal injuries as result of the accident and instituted a lawsuit.

## Insurance Coverage – Step-Down Provision for NAB's Commercial Vehicles

At the time of the accident, Rafanello was insured through Encompass and possessed uninsured and underinsured motorist coverage (UM/UIM) in the amount of \$250,000 per person. NAB secured insurance through third-party defendant, American Millennium Insurance Company (AMIC). Taylor-Esquivel was not listed as a covered driver on AMIC's policy due to his driving history. On the application for insurance coverage, NAB acknowledged that it engaged in interstate transport.

AMIC issued a commercial policy to NAB which provided liability coverage of \$750,000 per accident. The policy specifically listed the dump truck involved in the automobile accident. The policy also

included a step-down provision which provided for a maximum coverage limit of \$35,000 for liability arising from incidents involving an individual who is not listed as a covered driver. As previously mentioned, Taylor-Esquivel was not listed as a covered driver on NAB's policy with AMIC.

## **Procedural History of Insurance Suit**

Rafanello filed suit against Taylor-Esquivel and his own insurance company, Encompass alleging he was entitled to UIM coverage because there was insufficient coverage under the policy issued to NAB. AMIC filed a motion to deposit its policy of \$35,000 into the court because the step-down provision was triggered. The Trial Court granted AMIC's motion and AMIC deposited its \$35,000 into the Court.

## **Trial Court Holds Step-Down Provision Triggered**

After much litigation, Encompass filed a second amended third-party complaint against AMIC alleging that it was not required to provide UIM coverage to Rafanello because his personal injury claims did not exceed the \$750,000 mandated by state and federal law for commercial vehicles. Encompass argued that NAB was involved in interstate or intrastate commerce at the time of the accident and was therefore required to provide \$750,000 in coverage. AMIC filed a motion for summary judgment contending that it deposited its full \$35,000 into the Court because the step-down provision was triggered. The Court agreed with the arguments set forth by AMIC, and dismissed Encompass' third-party complaint. Encompass appealed, and argued that AMIC was required to provide \$750,000 in coverage because a commercial vehicle was involved.

## **Appellate Division reverses, holds that AMIC's policy must conform to federal standards, adopted by NJ, which require any commercial interstate vehicle weighing more than 10,001 pounds to provide liability limits of \$750,000**

On appeal, the Appellate Division reviewed the definitions of several classes of motor vehicles, their respective insurance requirements and the federal motor carrier safety regulations adopted by New Jersey. The Appellate Division reasoned, in part, that the federal motor vehicle carrier safety

regulations defined a commercial vehicle as a vehicle with a “gross vehicle weight rating or gross vehicle weight of at least 10,001 pounds, whichever is greater.” Thus, because the dump truck weighed over 10,001 pounds, the dump truck qualified as a commercial vehicle. Moreover, the dump truck qualified as a commercial vehicle because it was engaged, at the very least, in intrastate commerce. Therefore, the Appellate Division reversed the decision of the Trial Court and remanded the matter, concluding that AMIC was required to provide \$750,000 in coverage because a commercial vehicle was involved despite the fact that the driver of the vehicle, Taylor-Esquivel was not a listed driver on the policy.

The Takeaway? If you have been involved in a [motor vehicle accident](#) and a commercial vehicle was involved, there may potentially be higher limits of insurance coverage available for you to recover for your injuries. Contact the [personal injury attorneys](#) at Einhorn Barbarito for an in-depth analysis of your case.