

Why Every Business Needs Hired and Non-Owned Auto Coverage

Even if you have company cars or a fleet of vans, occasions may arise that require an employee to run an errand in their personal vehicle or one of your employees needs to rent a car while on a business trip visiting a client.

In these circumstances if you don't have the proper coverage, you could be leaving your organization exposed to liability if an employee injures a third party in an accident. There are two types of insurance that are vital in these situations: Non-owned auto coverage and hired auto insurance.

These two policies offer very different types of coverage, and it is important to understand each to ensure you find the policy that is right for your operation:

- **Non-owned auto coverage** This insurance protects your company if sued as a result of an auto accident that you or one of your employees has in a personal vehicle while on company business.
- **Hired auto coverage** This provides your company with liability insurance for vehicles that you rent, hire or borrow on a short-term basis for business purposes. If you or an employee are in a car accident while driving one of these vehicles for work, hired auto insurance can help pay for your liability costs.

You should consider these two coverage options if your company ever rents cars or vans for business purposes (including travel to conferences, visiting clients, etc.) or if employees use their personal vehicles to run company errands.

These important coverages are usually added to a general liability policy or a commercial auto policy as an endorsement or a rider.

When there are no vehicles titled in the company name, this additional coverage will serve to meet the contract requirement for commercial auto coverage in most states.

How the coverages work

Both hired and non-owned auto insurance are a type of liability insurance, meaning they will only cover property damage and injuries to third parties, as well as any legal fees, settlements or court judgements relating to third party claims. Hired and non-owned auto insurance helps cover:

- Physical damage to a third party's vehicle,
- Bodily injuries and medical expenses if a third party is hurt in an accident with you or one of your staff, and
- Legal expenses if your business gets sued for negligence.

However, these policies won't help with:

- Property damage to your business's hired or non-owned vehicle.
- Medical bills if you or your employee get hurt in an accident while using rented or personal vehicles.
- Liability coverage, property damage or bodily injury from an accident while you or your employee drive for personal reasons that are not related to your business.

Do you need coverage?

If your business rents or borrows vehicles to do work or if your employees use their personal vehicles on business, hired and non-owned auto coverage is crucial to manage your risk.

It can help pay for any property damage that you or your employees cause while on company business in rented or personal vehicles. It also covers vehicles used for your business if they cause bodily injury to another driver in a car accident.

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