

Hired/non-owned vehicle liability insurance

Almost all companies have some type of non-owned auto exposure. The exposure can be minimal, but something as simple as an employee running errands for the company, can potentially lead to a auto claim. In this article, we will discuss what is covered and what is not covered in a typical non-owned auto policy. We will also provide information to help lower your non-owned exposure and some best practices to follow.

Liability claims

Hired or non-owned auto liability insurance policies cover claims against your business if an employee has an accident while using their own (or rented) vehicle for business purposes. This coverage can be added to your general liability policy or your auto policy if you already have a commercial auto policy. This coverage applies to your business to the extent it is liable for the actions an employee (full-time or temporary staff) when driving a non-owned or rented vehicle for business purposes.

Physical damage

Non-owned auto liability insurance provides no protection for physical damage to the rented or non-owned vehicles being used. Optional hired physical damage can be purchased for an additional charge with a set limit based on the exposure. This covers the vehicle, but does not cover the contents of the vehicle or any shipment of products or goods.

Risk Transfer / Best Practices

There are different ways to transfer the risk either to insurance or your employee. One way is to request your employees that drive on company business increase their liability limits. The cost to increase a personal auto policy is minimal and in the event of an accident, the insurance of the employee will be primary. State minimums are very low compared to the size of a typical auto claim, so higher limits are recommended. Another option when renting a car, is to buy the insurance through the rental agency. If your company only rents a couple cars a year, we generally recommend this option. This transfers the risk to the rental agency and you avoid paying a deductible. You also avoid the loss on your policy, which will have an impact on your premium for up to 5 years.

Lastly, we recommend running motor vehicle reports to make sure employees have a clean driving record, no DUI's, etc. Some companies request MVR's during the hiring process. It's important to follow privacy laws, so please follow state guidelines when requesting motor vehicle reports. .

If you have any questions, please contact Trevor Allan at Alliant Insurance Services, Inc. Phone 619-849-3918 or tallan@alliant.com