

# Risk Management *Reminders*

## The Necessity of Hired and Non-Owned Auto Policies

*Brought to Bucks-Mont NARI Members by RGK Insurance and Risk Management*

Hired and non-owned auto policies are coverages that will protect you and your business in the unfortunate event of an auto accident involving an employee while working on the clock. While both policies cover automobiles – they are very different in what they actually cover. Outlined in the article below we will explain the differences between both policies so you can determine which is best for you.

### **Hired Auto Liability**

If you or one of your employees causes an accident or injury to someone while driving a rented vehicle for business purposes, hired auto liability will protect you or your company if you are sued as a result. This type of liability insurance will pay for damages to the third party involved. An example of when hired auto liability insurance is needed is if you rented a car to drive employees to a trade show or related convention for business purposes. If an accident should occur, the individual sustaining damage will likely look to your company to pay for repairs or damages. Without hired auto liability coverage, your company will have no insurance for the rented vehicle.

When renting a vehicle, auto rental agencies will often offer liability coverage. If you have hired auto liability coverage, your policy will replace or supplement the rental agency policy. The vehicle, however, must be rented in the company's

name. This type of coverage does not replace the physical damage coverage that is used when damage is caused to a vehicle rented by your company. If you rent a vehicle for more than 10 days per year, hired liability insurance is typically cheaper than rental car insurance.



### **Non-owned Auto Coverage**

When you or an employee are using a personal vehicle while on company business, non-owned auto coverage will protect you and your business. This liability insurance covers vehicles you rent on a short-term basis for business purposes. Examples of when this type of coverage is needed is when an employee uses a personal automobile to run errands, visit clients, or travel to meetings/conferences, etc.

If the employee is at fault, the injured party may hold your company responsible to pay damages since the employee was using the car on company business. Non-owned auto coverage protects your company in the event it is sued as a result of an employee accident.

Hired auto liability and non-owned

auto coverage are usually offered in a general liability policy. These policies are both intended to cover third party losses. Hired auto and non-owned coverage do not protect you or your employee personally, only your personal auto insurance can do that.

### **Top Five Reasons to Have Hired and Non-Owned Auto Insurance**

- You borrow cars for transportation purposes.
- You rent vehicles for transportation purposes.
- You own a business that requires your employees to drive their own vehicles for business purposes.
- You drive a vehicle that you do not own for business purposes.
- You own a business and you use your personal car for company business.

**Check your insurance policy today to ensure you are properly covered.**

If you have any questions regarding this topic or others please call RGK Insurance at 215-340-1232 or [help@rgkinsurance.com](mailto:help@rgkinsurance.com)

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