



MANAGING RISK: Why A/E firms need Hired and Non-Owned Auto Coverage

A/E firms have a greater share of auto liability than other types of companies due to the on-site and client oriented nature of the work. Employees are frequently driving to and from jobsites, meeting with clients, running errands for design documentation and traveling to remote locations that require renting vehicles while out of town. The fact that autos used for these purposes are not owned by the A/E firm does not do much to diminish the firm's liability in the event of an accident. Driving an auto for business use is a significant hazard, whether the auto is owned by the business or not.

Non-Owned and Hired Auto coverage can be added or endorsed to an existing policy to protect your firm in the event of an auto accident involving an auto being used for your business but not owned by the business. This coverage is triggered if there is an accident and your firm is found to be legally liable for the driver's actions.

Hired and Non-Owned Auto Coverage can be added to a Commercial Auto Policy or, in the event the firm does not own any vehicles, the coverage can be endorsed onto the Commercial General Liability or Business Owners Package Policy. Hired and Non-Owned auto liability insurance provides coverage for bodily injury and property damage to a third party in the event of an accident.

What is Hired Auto?

Hired Auto refers to vehicles your firm rents, leases or borrows, for use by employees, partners and owners, in the course of business. Hired Auto liability coverage can supplement or replace the liability coverage available from car rental agencies.

It is important to note that Hired Auto liability does not cover physical damage to the rented auto, regardless of who is at

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fault. For physical damage to the rented auto, there is a separate coverage called Hired Auto Physical Damage that may be available as a supplement to the Hired Auto liability coverage. However it is often more advantageous to purchase physical damage coverage directly from the rental agency because it also may include coverage for loss of use charges and restocking fees assessed by the rental agency while their vehicle is being repaired. These extra coverages may be available via enhancement endorsements on some business auto policies.

What is Non-Owned Auto?

Non-Owned Auto provides liability protection for the firm when its employees, owners or partners drive their own personal autos for company business. There are many situations when a firm may be liable for the actions of their employees. Some of these include:

- Picking up colleagues from the airport
- Driving to the office supply store for supplies
- Running to the post office or bank
- Employee driving to the jobsite

In the event of an accident that occurs during the course of conducting business, your firm may be held accountable for any injury and damages caused by the employee who was

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driving the auto. A standard business auto policy would only provide coverage for the company-owned autos while being driven by employees. Adding Non-Owned Auto provides coverage for the firm when employees are driving their personal vehicles for business use. An employee's personal auto insurance policy typically will be considered the primary coverage in an accident and the Non-Owned Auto will be triggered to provide additional protection for the firm when the personal limits are exhausted. Most personal auto policies will include coverage for incidental business use, but limits will vary widely based on employees' individual choices and other factors outside of the firm's control.

Summary

Hired and Non-Owned auto coverage is necessary for most all firms to protect their business assets in the event of an accident involving an owner, partner or employee while using a Hired or Non-Owned auto for company business. This coverage assures that protection is in place for the operation of autos being used for your business.

An insurance agent who has experience with large ENR 100 firms as well as small design firms.



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