

The Coverage Corner

One of the most common questions I get from business owners is, “If I send an employee out on a business errand in his or her own car and they are involved in an accident are they covered and am I covered?”

This is a more complicated question than you may think, because not all businesses have a commercial auto policy. If you do not have a commercial auto policy then your business owners policy should have an endorsement to cover “non-owned” autos. This endorsement allows your General Liability to respond to this situation and provide coverage for your business. If you do not have this endorsement on you policy there is NO coverage at all for defense or damages.

This “non-owned” coverage is for the business and not the employee. The employee would need to file a claim with their personal auto carrier for coverage. There are certain limitations for this endorsement that you may want to ask your agent about with regard to things like “delivery” vehicles.

If you do have a commercial auto policy you need to have “non-owned” autos listed in the “covered autos” section of the commercial auto declarations page. This then allows your commercial auto policy to respond to that scenario. If the proper coverage is not listed in the declarations page then there is NO coverage for defense or damages.

The added benefit of having it on your commercial auto policy is that you can choose to add the “Employee as an Insured” endorsement. Not all carriers will offer this endorsement but if they do it will allow the commercial auto policy to protect the employee as well. If you have an umbrella it may also extend coverage to your employee depending on the specific company and forms. This will cost you a little but it is a nice thing to do for your employees especially if they are out doing things for you on a somewhat regular basis.

This column is for general insurance information and as always see your agent for the specifics of your insurance program.

Thank you for reading and participating and remember “don’t be cornered by your coverage.”

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