

Don't Let Auto Insurance Drive You Crazy!

By **Kathy Noe, CPCU, ARM, VISC Producer**

Are vehicles ever used in the course of your business? You may have a risk exposure without realizing it!

Let's say the practice owner delegates errands to a staff member. If an accident occurs while a staff member is driving on the clock, any resulting staff injury falls under workers' compensation coverage.

If a staff member's car is damaged, they will have to rely on the physical damage coverage on their own auto policy, subject to their collision deductible. If the other driver was at fault, that party's insurance should pay. Damage to a staff member's vehicle is generally not covered by the employer's insurance, so it is advisable to discuss this prior to having them use their own vehicle on errands for your business to avoid misunderstandings about who is responsible for damages. The employer may offer to reimburse the staff member for their physical damage deductible or share the deductible expense. Just be aware that this cost would not be reimbursed under the employer's insurance.

Third parties may also suffer injury or property damage. If your staff causes an accident while driving their own car on your business errand, the bodily injury and property damage coverages under their auto policy will address the third party damages. Should the staff member's coverage limits be insufficient, the employer may be liable for the difference. The employer's non-owned auto liability coverage, typically found within either the employer's business auto policy or business package policy, would kick in after the staff member's auto policy liability limits are exhausted.

Alternatively, the employer may loan their own personal vehicle to the staff member for the errand. If the employer's vehicle is insured on a personal auto policy, many such policies will extend coverage to any licensed individual driving the insured vehicle with the policyholder's permission. Other personal auto policies restrict coverage only to named drivers or to family members residing in the same household as the policyholder. Some policies may limit the amount of liability coverage for non-family drivers to the minimum limits required by state law. In California, those are



currently \$15,000 per person and \$30,000 per accident for bodily injury, and \$5,000 for property damage. Even if you carry higher limits, your policy may provide only the minimum legal limits for drivers outside your household. The business non-owned auto liability coverage will not extend over the business owner's personal auto policy.

Another consideration is the registered owner. For tax reasons, small business owners often register vehicles in the name of their corporate entity. If your vehicle is registered to any entity other than yourself and/or your spouse but is insured on a personal auto policy, you may have a coverage gap with respect to the liability incurred by your corporate or other type of business entity. In that case, you may be better off with a business auto policy.

Finally, if yours is a mobile practice, be aware that a personal auto policy generally does not cover business property carried in the vehicle, such as medical equipment and supplies, nor loss of business income during the time it takes to repair or replace the vehicle. The personal property and loss of income coverages are available as options when your vehicle is insured under a business auto policy through the CVMA/VISC group program.

As always, your VISC representative will be more than happy to discuss these or any other insurance concerns with you. Just give us a call!

Contact VISC at 888.762.3143 or email info@visc-ins.com for solutions to all your business and personal insurance needs. ■