

**Editorial Contact:** Richard Hahn (716-372-2443)

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## **Insurance With Assurance**

### **Automobile Insurance** *by Rick Janis*

#### **What types of automobile insurance are there and who is covered under my policy?**

Which type of automobile insurance should you purchase? It depends. Rental car companies advertise that they are the quickest in getting you out of the airport and they all do until you are asked the dreaded insurance question: "Do you want insurance on this rental car?" Most people have no idea. Do you know?

For most of us, the automobile has become a normal part of our business and personal lives. We take it for granted as we drive to work or down the block for a cup of coffee and, for most businesses, without understanding exactly who is covered on the policy and under what circumstances. Autos may be easier to operate today, but the opposite is true of purchasing the proper auto insurance coverage for your business.

A little knowledge about this subject can go a long way in providing you with the assurance to you that you are covered. Your professional insurance agent or broker will have no difficulty in arranging the proper insurance for your auto needs and even telling you whether or not you should purchase that car rental insurance.

There are 3 major categories of automobiles as defined by the insurance industry: *owned, non-owned and hired and borrowed*. The most likely category for most businesses is *owned*. These are automobiles owned by the business that are insured under your business auto policy. As owner, you are covered for driving these vehicles. The policy also covers any employee of the business as well as long as the employee is operating the car within the scope of his or her employment.

Some businesses have no vehicles and therefore no automobile policy because the vehicles are owned and registered not by the business, but personally by the owner. These vehicles, covered under a personal auto policy, cover the owners and any other named drivers for operation of the described autos. This type of insurance policy requires the business to purchase a separate policy for *non-owned* automobile exposure.

There are several scenarios where a business can be held liable from the use of autos it does not own. For instance, a business can be liable for an employee's personal vehicle that is used on company business or a vehicle left by a customer to have a car alarm installed. In these instances, the business policy would cover these vehicles with non-owned coverage added to the business automobile policy or simply using symbol 1 on

the coverage part. If the business has no automobile policy, *non-owned* coverage must be purchased through the general liability or package policy. It is important to have this policy especially when your employees travel to or from job sites using their own personal vehicles or when transporting your equipment to and from the job sites.

The third category is for *hired and borrowed* autos. These can be either leased vehicles, rental vehicles, autos used while owned vehicles are being serviced, or borrowed vehicles used for company business.

In most instances, insurance is needed because the lessor, renter or borrower is responsible to return the vehicle in the same condition as when hired, rented or borrowed. Some rental companies are now charging up to \$25.00 per day for these coverages. However, if you have the proper insurance, you don't have to worry about it because the liability for these vehicles is usually combined with *non-owned* coverages. That means that you are covered under your auto policy and the charge will be less than \$20 a year.

So next time you have to talk to your insurance professional regarding your automobile coverage, you may want to ask one simple question: "If I can drive it legally, can you cover it?" If his answer is "yes," then you too can rush through airports and lease that new Ferrari. The right coverage also means that you can sleep peacefully without worrying about sending out an employee in his vehicle to respond to that 4 a.m. alarm.

Rick Janis is a Certified Insurance Counselor and president of the Alarm Insurance Agency. With over 7 years of experience in the security industry, he has been responsible for developing and managing comprehensive insurance and bonding programs for alarm dealers and monitoring companies. Rick is CEU certified by NBFAA and teaches CEU courses to the alarm industry on General Liability/Errors and Omissions and Worker's Compensation. He can be reached at 800-474-0933 or by fax at 800-240-0631. You may also e-mail him at [rjanis@alarmins.com](mailto:rjanis@alarmins.com).