

# Commercial Car Insurance Policies

UtahcommercialInsurance.com

## Not just for big business

Many self-employed individuals, from the one-woman catering powerhouse to the hammer-toting contractor, believe that their personal car insurance policy covers them for work uses. But when it comes time to file a claim, that belief might not stand up to scrutiny. For some self-employed individuals and small-business owners, commercial car insurance might be just the ticket.

Commercial car insurance policies cover the increased liability risks that arise from daily business operations. After all, if you happen to transport goods or people and an accident were to occur, you (and your insurance policy) would be liable for any damages. Furthermore, if you own a fleet of vehicles or lots of work equipment that you haul in your vehicle, commercial car insurance could help you insure all those items and the truck itself. Plus, you can even file claims on each piece of equipment and only pay a single deductible.

## Do you need commercial car insurance?

If you can answer "yes" to any of the following questions, you may need commercial car insurance:

- Are any of your vehicles used for pickup or delivery of goods, including supplies, materials, newspaper, pizza, other food items, or for messenger services?
- Are any of your vehicles used for limousine, taxi service, or other livery service?
- Are any of your vehicles owned or leased by a partnership or corporation?
- Are any of your vehicles registered or titled to a business, corporation, partnership, or DBA (Doing Business As)?
- Do any employees or non-listed drivers drive any of your vehicles on a regular or occasional basis?
- Are any of your vehicles leased or rented to others?
- Are any of your vehicles a pickup, van, or utility vehicle with a gross weight exceeding 10,000 pounds, or do any of your vehicles have a rated load capacity over 2,000 pounds?
- Are any of your vehicles equipped with snowplowing equipment, cooking or catering equipment, bathrooms, altered suspensions, hydraulic lifts, or racing equipment?
- Do any of your vehicles have equipment installed such as ladder racks or permanent toolboxes that are used to support a business?
- Do you have a contractor's license or professional license of any kind?
- Do you lend your employees your car to run errands?

- Do you write off auto expenses with IRS filing as business expense?
- Do any vendors you work for require commercial insurance to be on property?

## **The differences between commercial and personal car insurance**

The differences between commercial and personal auto insurance are many, but the main distinctions lie in extent and purpose of coverage. After all, businesses have many concerns private individuals don't share, such as increased liability risks. Besides having higher liability limits, commercial car insurance also includes coverage's like:

- Any auto liability — this coverage extends the liability coverage you have on existing commercial vehicles to any new vehicles you purchase, as well as hired and non-owned vehicles
- Trailer interchange insurance — this insurance covers non-owned trailers you haul under a trailer interchange agreement
- Rental reimbursement with downtime — this coverage helps cover the costs incurred to temporarily replace an inoperable commercial vehicle
- Single-deductible options — if you haul a trailer or use other specialized (and probably expensive) equipment for work, you can extend it to cover those items and only pay your deductible once for claims on both the vehicle and trailer
- Individual named insured coverage — allows you to extend your commercial coverage to protect you when you drive a vehicle you don't own
- Non-owned vehicle coverage — protects you and your employees while driving vehicles not owned by your company

## **Why personal car coverage might not apply**

Even if you use your Ford F250 or Hyundai Sonata for personal uses like supermarket runs, road trips, or nights on the town, as far as car insurance companies are concerned, it may be a commercial vehicle if you also use it for work purposes other than commuting.

Car insurance companies consider commercial auto insurance and personal car insurance to be 2 very different types of policies due to the differences in liability and risk. Personal policies are written with the average private citizen and their needs in mind, while commercial policies are designed to address the unique needs and situations that arise in commercial use.

If you file a claim on your personal car insurance for a vehicle you use for work, your car insurance company may deny your claim simply because some business uses violate the terms of your personal car insurance policy.

### **A claim denied**

Imagine a pizza delivery guy, the driver (and owner) of a one-woman shuttle company, and an independent landscaping contractor standing on the side of the road, staring at their 3-car pileup. One by one, they pull out their phones to call their car insurance companies. In sequence their claims reps ask them to detail the

accident and, upon hearing the answer, each rep murmurs, "Sorry, your personal car insurance won't cover this."

Why?

- The pizza or caterer deliverer's claim is denied because he transports commercial goods
- The shuttle driver's because she transports people as part of her business
- The landscaper's or any contractor because his truck features ladder racks and permanent toolboxes he uses for work or trailer with tools or supplies.

So depending on the nature of your business and your car insurance company's policies, you might need to buy commercial car insurance.

## **If you're self-employed or a small-business owner, talk to your car insurance company**

The complexities involved in determining if you're a good fit for commercial car insurance obviate hard-and-fast answers. Thankfully, Commercial insurance agents can help you decide what car insurance coverage's you need, whether it's personal or commercial car insurance related.