

Commercial Auto Insurance



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When it comes to commercial auto policies, many owners of landscape businesses understand the primary policy parts of liability coverage, comprehensive coverage and collision coverage. These insurance coverages account for over 80 percent of the premium on most commercial auto policies, but there are also two supplementary coverages that are important to look into to minimize your risk: hired and nonowned auto coverage, and uninsured and underinsured motorists coverage. They are commonly removed when businesses attempt to cut insurance costs, but can be important and can also be included on a business auto policy for a small amount of premium.

Hired and nonowned auto coverage

This coverage is an aspect of the liability portion of the policy, but I have found that many landscapers neglect to include it on their policies. Most insurance carriers issue auto policies with a covered auto symbol of "7" to only cover those vehicles that are specifically listed in the policy documents. If that is the only covered auto symbol shown for the liability portion of the policy, then the business will not be covered for the liability it assumes when employees use their own vehicles for business purposes and when the business rents vehicles. Under these instances, any accidents that result in property damage or bodily injury to a third party will not be covered under the landscaper's commercial auto policy. Those claims will therefore be paid out of pocket by the landscaping business. If your employees use their own vehicles to run any business errands or if your business rents vehicles, then it is important to have this coverage on your commercial auto policy.

Uninsured and underinsured motorists coverage

This coverage protects your own business for the liability of other drivers that do not carry insurance or do not carry enough insurance to cover the damages they cause. According to the Florida Department of Motor Vehicles, an

estimated 6 percent of Florida drivers are uninsured. This number does not account for those driving with unregistered vehicles or without a current driver license. The total statistic is tough to accurately predict, and some government agencies have predicted it to be closer to 15 percent. Even if the national average is between 5 to 10 percent, that would still create a significant likelihood of having an accident with an uninsured motorist. In addition, many states only require \$10,000 of auto liability coverage. This limit is not high enough to pay the damages on a newer truck or a trailer loaded with landscaping equipment, and it certainly will not be high enough to cover bodily injuries to your employees or other passengers in the accident. A lawsuit would be able to recover the damages if the individual has a high net worth, but the truth is that these individuals do not carry insurance or carry low limits of insurance because they do not have assets to protect. With a 5 to 15 percent chance of each accident with one of your vehicles being caused by an uninsured motorist, and a much higher percentage chance that the accident will be caused by a motorist with low limits of insurance, this coverage has proven to be valuable. This coverage also has a comparatively low premium cost to the general auto liability premium and is a good value from an actuarial point of view.

As the owner of a landscaping business, you certainly have many things on your mind. Take time to learn about the coverages on your insurance policies and understand which ones can be beneficial to your business and which ones are not necessary for your operations. Both of these supplementary coverages available on commercial auto policies can be beneficial to your business and can also be added for a small amount of premium. As an insurance agent, I recommend that you review your current policy to see if these coverages are included, and then discuss the premium value of each one with your agent.

The author is an insurance agent who specializes in providing business insurance to Florida landscapers. For more information, visit www.bearwiselandscapers.com .