

Automobile Risks can sink you fast!

You think nothing of tossing the keys to the pickup to your fellow contractor and telling him to go to the "HOME DEPOT". But THINK AGAIN—You might as well load the front end of the truck with your house, savings, business and kid's college fund—IN CASH—and then let Moe, Larry or Curly head out for the open highway! Your autos are probably the single largest exposure to loss you have. Each time your autos go down the street (regardless of who is driving the vehicle) your entire bank account rides with it! **Contractors Insurance - Owned Auto Risks**

1. You go out and buy a truck—simple enough—or you lease it—more and more common—you have an exposure. You are now responsible for anything that happens to this auto, no matter who drives it! Give it to your worker to run an errand — you are responsible. Give it to your brother to move a refrigerator on the weekend — you are responsible. Let your kid take it camping — you are responsible.

2. If your kid takes the truck and lets his / her sweetheart drive it— you are responsible.

3. **WARNING!** When you rent a car on your next trip — LOOK OUT! You may be taking on more than you realize. Read that agreement and be sure that the "renter" is stated to your advantage! If you have a Texas Personal Auto Policy, rent the vehicle in your name and it will be covered.

Other Auto Exposures

There are three basic exposures in addition to owned autos, which are non- owned autos, hired autos and borrowed autos.

1. **Non-owned Autos** are autos that you don't own, but for which you may be held responsible. The most common example is when an employee uses his own auto for work purposes. For instance, a guy takes his own truck to the Home Depot on a work errand. If he has an accident, then you are ultimately responsible.

2. **Hired Autos** are autos that you rent or lease (short term). BE CAREFUL! Car rental companies will always try to list YOU (the individual) as the renter. If you allow this then your business auto policy may not respond to claims filed. Business auto policies usually list your company as the insured. If you don't have that name in the "renter" spot, then you will not be insured! You can list your name first and the company name second to make sure that the company insurance will respond.

Some business owners and employees do not own personal autos, they are provide a vehicle by the company. In these cases, the business is the renter and you should purchase the damage waiver on the rental vehicle as most commercial policies provide only liability on hired or rented vehicles.

3. **Borrowed Autos** are autos you borrow such as specific equipment for a job. If the owner of the auto you borrow has little or no insurance then you are responsible. BE CAREFUL! An auto you "borrow" from your employee or family member is usually NOT a borrowed auto from the perspective of your insurance company.

**TIP* — Be sure your personal auto policy meshes with your business auto policy! Consult

your accountant (for taxes) and your attorney (for legal advice) about where and how your personal auto should be titled (owned). There is a wide-range of coverage options available to tailor your policy to meet your needs. You must be sure to disclose your whole situation to your contractors insurance agent in order to receive proper coverage.

Limits, Limits, Limits

Put the armor where the bullets are coming from: You get certificate requests almost every day — they always ask for Business Liability with \$1,000,000 limits and Workers Comp. They almost NEVER mention auto liability. THAT'S NOT BECAUSE IT'S NOT IMPORTANT! IT'S BECAUSE ITS' NOT IMPORTANT TO THEM! Because no one bugs you for auto limits - you tend to skimp on it. DON'T DO IT! It's your neck, your assets and your future — PROTECT YOURSELF!

**TIP* — Be careful of where your autos stay at night. This is for real — You can use you autos in Dallas or Houston all day long, but they will be priced based on where they are "garaged," or where they stay at night. If your autos go home to a suburban county at night, be sure your policy says so. THIS IS NOT CHEATING—THIS IS PLAYING BY THE RULES!Now—you must manage your drivers. Let it be know that you don't tolerate irresponsible driving of any auto AND that you reward good drivers. Be willing to pay a bonus for clean driving records. It will pay off big time for you in the long run!

Do not lie!

Insurance companies will review your entire file — back to the original application—if there is a serious claim. If they can find a MATERIAL item that you lied on they will try to deny the claim. This begs the question, "What is a MATERIAL item?" The answer will depend on the company, the adjuster, case law and THE SIZE OF THE CLAIM. In my opinion, if you lie about things like who drives the autos, how they are used or the size and weight of the auto — you might find yourself in a world of hurt. It's almost impossible to defend a lie.

Don't try to fit a square peg.

If you need a personal auto policy — get one. Don't try to force a Business Auto Policy to do that job. Don't try to hide your 17-year old daughter with tickets and a new cherry red Corvette on your business policy — cater your policies according to a realistic standard.