



MASTER INSURANCE MECHANIC

STRATEGIES FOR MANAGING YOUR BUSINESS INSURANCE

Hired & Non Owned Auto?

We don't own vehicles - why do I need auto insur- ance?

Just because your company does not own a vehicle does not mean you don't have an auto exposure.

One of the most overlooked coverage's on the general liability is an endorsement called "hired & non owned automobile". This endorsement should be added every time to the general liability when a company does not own any vehicles. What is the cost? Usually \$100 to \$250.

Why should I have it added?

Because there is an auto exposure to your business, you just don't recognize it.

When you send an employee to the bank, or to Office Depot, or to the Post office, they are operating on company business. If they get in a wreck on the way to or from this errand, insurance will first apply to the coverage placed by the employee on their vehicle (i.e. State Farm or Allstate) **and then it comes back to the corporation.** Since it takes only

\$10,000 in coverage to get a car tag in Florida, this may be coming back to your corporation much faster than you think.

The other major exposure you may not recognize is the rental of vehicles while on a business trip.

You fly to Cleveland to visit a client, rent a car, travel to their plant and on the way you are in a wreck. My first bit of advice is when you rent the vehicle, rent in your name & your company name. i.e. John Smith & XYZ Manufacturing, Inc. This will hopefully get you coverage on either your personal auto insurance, or the company auto insurance.

If you wreck the rental and there is no auto policy for the company (because you don't have any company autos or trucks), or no "hired & non owned auto" there won't be any coverage by the business insurance. It will be up to your personal auto insurance carrier or the coverage you may have purchased at the counter.

These claims can turn nasty pretty quickly. The leverage that the rental car company has on you is that they have your VISA card and I have seen them charge the cost of the vehicle to the card if they think there is no insurance to pay for the wreck.



Uninsured Motorist coverage?

With the premium for this coverage so low, why doesn't every agent just add this coverage to my general liability policy automatically?

Regrettably, most agents quote "as is" which in my opinion, is a repeat of the mistakes of last year or the last agent. It also adds premium and some agents think the lowest premium is the only way you will make a sale.

But don't you ultimately get what you pay for?

Uninsured Motorist?

I see the same issue with Uninsured Motorist coverage. This is a separate limit on your auto policy, often much lower than your auto liability limit.

What's this coverage for?

When you get hit by somebody else, and either they run, or they have limits that are too low to cover the accident. And since you only need \$10,000 in limits to get a tag in Florida, this exposure is much bigger than you think. More times than not I raise this limit to \$1,000,000. But this adds cost as these aggressive personal injury attorneys are going after not only the liability limit, but the uninsured motorist limit as well.



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Conclusion

The details matter. Make sure you have all the nuts and bolts of proper coverage, and when you have a loss, you won't be losing sleep at night.

Cage the beast.

Insurance costs are typically the 2nd highest expense behind payroll.

Are you and your agent doing absolutely everything you can to contain them?

If you would like to discuss more creative ways to reduce your business insurance costs without reducing your coverages, feel free to contact me.

Have you ever met a car mechanic that is so good he could take your car apart piece by piece and put it back together again? That is what I do with risk and insurance programs. Find the weaknesses, close the gaps, and do my level best to lower your insurance costs.

I would like the opportunity to be your Master Insurance Mechanic.

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