
◆ InsureIntelligence ◆

A. M. Townley, Jr., BBA, MBA
Insurance Education Seminars

If You Drive A Company Car, You need “Extended Nonowned Liability

Every auto policy contains “exclusions” and “limitations” designed to limit the types of claims that will be covered for a certain premium. Some “exclusions” may be eliminated by simply paying more premium. Most personal auto policies have the following exclusion:

“This insurance does not apply to a nonowned auto furnished or available for the named insured’s or any family member’s regular use.”

Your first question might be, “Surely my employer who furnishes me with a car must have it insured, so why should I spend money myself?” The answer is quite simple. Although your employer’s auto policy usually covers you while on company business, it may not cover you while on personal business. By paying a small additional premium on your personal auto policy you can eliminate the above exclusion and have liability protection both on and off the job.

What would happen if your employer’s insurance is terminated without your knowledge. While there is no insurance in force you might cause a serious accident resulting in bodily injury and property damage of over \$100,000. You could be sued and since the employer’s insurance was not in force your assets and future earnings would be at risk. By purchasing Extended Nonowned Coverage you can eliminate that risk.

Extended Nonowned Liability may also protect you in another situation. If a neighbor or friend asked you to take care of their car while they went on a long vacation and you soon find yourself

the car for your own personal business on a regular basis. This use of a non-owned vehicle may be considered to be excluded by your personal auto insurance company depending on the length of time this arrangement lasted.

What is the best solution?

- 1. Select a deductible that will eliminate maintenance claims.*
- 2. Be choosy about the claims you file. Even if it is over your deductible you may want to pay the loss yourself.*
- 3. Build a long-term-relationship with your agent and your insurance company.*

InsureIntelligence is written by Alvin M. Townley, Jr.
750 Commerce Dr, Suite 308, Decatur, Ga 30030
(404) 377-7774 or (800) 633-1946

Alvin is a graduate of The University of Georgia where he received both his BBA and MBA with a major in Risk Management and Insurance. He is a regular speaker for ERS Seminars.