

Most electricians own trucks and sometimes cars, that are titled in the business name. This often presents tax savings opportunities, but it also creates insurance issues that must be addressed. The North Carolina based electrician with company owned vehicles will need a business auto policy for his company owned vehicles and one of the options available to the electrician here deals with hired and nonowned autos and how they can be insured. An understanding of these exposures should be an integral part of any [electrician insurance program](#).

The terms hired auto liability and nonowned auto liability may seem a bit confusing at first. But really these are pretty simple concepts that any electrician can grasp with ease. This blog will explain the exposures that the electrician faces in this area and then outline the solutions for insurance protection from these exposures. Be sure to read your policy carefully to be sure that you understand how these exposures are covered (or excluded) on your own policy for a clear understanding of how this issue may impact your electrical contracting business.

Hired auto liability simply refers to the liability exposures that your electrical contracting company faces while you operate vehicles that you do not own and that you have hired for your use. Now I realize that most electricians don't rent vehicles often but it does happen. When this happens, you want to be sure that you understand how your insurance policy will work for you. If you have added hired auto coverage to your [electrician business auto insurance policy](#), then any liability arising from the use of that hired vehicle will be covered to the same degree it is covered by your owned vehicles which are listed on the policy. Don't forget to check your policy for hired physical damages protection as well when you rent vehicles in the company name.

Nonowned auto liability at first may seem like a contradiction in terms.. This is liability that you may face for vehicles that you don't own or rent. Now how is this going to happen? Well, there are many ways but let's take a simple example to illustrate the point. Suppose your office employee takes a deposit to the bank and then picks up the mail at the post office for you each day. To do this she uses her own personal car. If she is involved in a serious accident on this errand, then your electrical company could be held liable for the damages. To protect your business, you need to purchase nonowned liability insurance in the company name. This coverage is often found as a part of the business auto policy.

How do you know if you have these coverages on your business auto policy? Well, take out your policy and look at the page that lists the limits of protection on the liability and physical

damages sections of the policy. Most policies will show a coverage code beside each type of coverage. You can usually see what these coverages codes are by looking at a list at the bottom of this page. Code 8 stands for hired autos and code 9 stands for nonowned autos. If you see a code 1 showing beside any coverage limits, that stands for any auto and will include both hired and nonowned protection. Be wary of code 7 as that stands for named autos only and if you forget to add a new truck to the policy, you might find yourself without any coverage at all for it. Code 7 also means that you don't have coverage for losses caused by hired or nonowned vehicles.

Taking a moment to understand the coverage codes on your business auto policy is important if you want to prevent uncovered surprises after a loss. If you are unsure of what you are seeing, you should call your agent and have him or her take the time to go over your policy with you in detail.

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