

Most restaurant owners set up their [restaurant insurance program](#) by starting with the basics – a [business owners policy](#) for the property and liability protection and a [workers compensation insurance](#) policy for their employees. Sometimes, when the owner of the restaurant buys a company car, then the [business auto insurance policy](#) is added to the restaurant insurance program. It doesn't matter if you have a business auto policy or not, as a restaurant owner, you need to pay close attention to hired and nonowned auto liability protection. Overlooking this minor detail could cost you your business.

Let's start with an explanation of these terms and the exposures they represent. Hired and nonowned auto liability simply refers to the liability exposures that your restaurant faces due to the use of vehicles that you either hire or simply don't own. At first blush this may seem silly. You might say, I don't ever rent cars for my restaurant and how can I be liable for a car I don't own. I will grant you the first point, that you may never rent a car in the company name, but don't overlook your liability for cars you don't own.

An example may help. I feel fairly confident that from time to time, you have one of your employees run an errand for the restaurant; this could be trips to the post office or the bank or to pick up supplies. Either way, if that employee has an at fault accident, then your company can very easily be dragged into the suit. It can happen right off the bat, or you may be held liable on an excess basis, either because your employee let her insurance lapse on her vehicle or because she simply carries such low liability limits that they were quickly exhausted by the claim in question. Either way, your restaurant could face a nearly unlimited liability exposure that could wipe out the restaurant's very existence. Going without here is just not worth the risk.

So how do you purchase insurance for this exposure? Fortunately for you, most insurance companies make it quite easy to solve this problem. The traditional approach is to add this protection to your business auto policy if you have one. But lately, a more economical opportunity exists in that most insurance companies can add this protection to the businessowners insurance policy that covers the property and liability exposures for your restaurant. And the great news is that the costs are usually very modest, often less than \$100 per year for \$1,000,000 in protection.

Please take a moment to review this exposure with your insurance agent to be sure that you

have the protection that you need against this type of loss. A few minutes of effort here can alleviate a huge risk for your company.

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