

This is the 6th part in a 10 part series on how to insure your restaurant. This article deals with auto insurance for your business and discusses a few of the pitfalls that restaurant owners need to wary of when setting up their [restaurant insurance program](#) .

[Business Auto insurance](#) is an easy one to overlook when you are setting up your restaurant and planning your insurance needs. Often the restaurant owner will tell me that he doesn't have any cars in the company name, so why worry about business auto insurance. This seems reasonable on the surface. But the problem is that you don't have to own any vehicles to get yourself into a world of hurt with an auto loss for your business.

Here's the problem. At some point in time, and probably more often than you may at first imagine, someone, be it you or an employee of yours, is going to be out there running errands on behalf of the business. Let's say your employee is taking a deposit to the bank and runs a red light and severely injures a mother and two children. Now, assume the costs of the injuries from this accident run in excess of \$500,000. Well, you didn't cause the accident so why should you worry? The problem will stem from the fact that it is unlikely that your employee who caused the accident will have high enough insurance limits on his or her [personal auto policy](#) to cover these losses. And since the errand was run on behalf of your restaurant, your corporation or partnership or LLC or whatever entity owns your restaurant can be held liable for the excess losses that are not covered by your employee's personal auto insurance policy. And in this case, if your employee has only \$100,000 of auto insurance bodily injury protection and no real assets to speak of, then your business is now the deep pocket in this event and that puts you on the hot seat.

So what do you do about this? The solution is wonderfully simple and also inexpensive. What you need is a business auto insurance coverage called nonowned auto coverage. If you do have a business auto policy because you have vehicles titled in the company name, then you can add this coverage to that policy. The cost is usually under \$100 per year. While you are at it, you may as well add hired auto coverage as well since the cost of this coverage is also very low. In fact you may already have this coverage. To find out, take out your business auto policy and check the symbol showing beside the liability section. If you see a symbol 1, or a symbol 9, then you already have nonowned coverage. If you don't have a business auto policy already, then most [restaurant business owners policies](#) will allow you to add both hired and nonowned auto insurance to that policy. If neither of these is possible, then you can simply purchase a standalone hired and nonowned auto policy, usually for under \$250 per year.

There is also a second problem that occurs very often with restaurant owners. Often I see that the restaurant owner chooses to re-title all of the family cars in the name of the restaurant. While this is often a good tax strategy, it leaves the restaurant owner vulnerable to a coverage gap that I call the DOC trap. Basically this is a situation where all of the insurance protection is written in the name of the corporation or LLC and the individual family members don't have a personal auto insurance policy with their names listed on the policy as named insureds. If you find yourself in this situation, and then you have an at fault accident, then the protected entity is the owner of the car, in this case the corporation. After the insurance company pays the claim on behalf of the corporation, they then own the claim as it were. This means that the insurance company has the right to subrogate this claim against you, the individual. With no personal auto policy in your name anywhere, you have nowhere to turn for your protection and now you are forced to pay this claim out of your pocket. The solution to this problem is to add DOC or (Drives Other Car) coverage to your commercial auto policy in the name of the restaurant. This endorsement will name each person who needs the coverage extended to them. The cost generally runs under \$200 per person per year but without it you are out there riding without a spare so to speak. To learn more details about the DOC trap, [visit my blog here](#).

There are so many different things that a restaurant owner has to worry about, just to keep the doors open. The last thing you need is a policy with holes in it that you only find out about after a loss. Take the proactive step of finding an agent who specializes in writing [NC restaurant insurance](#). It's just not worth the risk to do otherwise.

At [Clinard Insurance Group, in Winston Salem, NC](#), we specialize in helping restaurants all across North Carolina and South Carolina with their restaurant insurance needs. We understand your business and we speak your language. That's because I have owned 4 different restaurants myself in the past. We understand that not all restaurants are the same on they don't all need the same coverages. To help prevent you from buying a package of coverages that includes things you don't need, or one that leaves out important coverages you do need, we have developed 5 different restaurant insurance programs. We have a [fine dining insurance program](#), a [special insurance program for casual dining restaurants](#), one for [fast food restaurants](#), a [unique bar and grill and tavern insurance program](#) and a [caterers insurance program](#). If we can help you with your restaurant questions, please feel free to call us, toll free, at 877-687-7557 or visit us on the web at www.TheRestaurantInsuranceStore.com

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