

# Hired and Non-owned Auto



## What Is Hired and Non-owned Auto (HNOA) Coverage?

HNOA provides liability coverage for bodily injury and property damage caused by:

- ▶ The maintenance or use of a “hired auto” by the insured or their “employees” in the course of business
- ▶ The use of a “non-owned auto” by any person other than the insured in the course of the insured’s business

HNOA does not provide collision coverage for the hired or non-owned auto.

**Hired autos:** vehicles your business leases, hires, rents or borrows that are used for the business

**Non-owned autos:** vehicles owned by employees and used for company business

## Who Needs HNOA?

All businesses that occasionally use rented vehicles to facilitate transportation or ask employees to run errands in their personal vehicles should consider HNOA insurance.

HNOA is not appropriate if:

- ▶ The applicant already has a business/commercial auto policy
- ▶ The applicant owns a company vehicle
- ▶ The applicant regularly shuttles people or delivers goods/products
- ▶ The applicant requires employees or volunteers to use their personal vehicles to conduct the applicant’s business on a regular basis

*Please note: We do not offer HNOA coverage for all products. Refer to a specific product guide for eligibility.*

### Third-party Delivery Services

Third-party delivery services have become increasingly popular due to the seamless consumer experience they offer, higher sales volumes for participating restaurants and stores, and the creation of a job market that offers flexible hours and a virtually immediate income.

How do these services impact HNOA?

The short answer? They don’t!

The third-party service assumes all of the risk for the driver making deliveries. The exposure to the participating restaurant/store is the same as if the consumer themselves picked up a to-go order or a patron shopped in their store. These participating restaurants/stores do not need to purchase HNOA or any commercial auto insurance.



## Product-specific Notes

### Child Care

Coverage is not available for risks regularly transporting children; however, we can write HNOA if the center hires a bus that comes with a driver.

- ▶ It must be with a driver provided by the contracted bus or van service
- ▶ The insured, their employees or any child’s parent/relative cannot drive the bus or van
- ▶ Children’s parents/relatives can drive their own children in their own cars to events or field trips
- ▶ The insured must obtain a certificate of insurance from the contracted bus or van service evidencing a minimum of \$1 million combined auto liability limits

## **Nonprofit**

While we are not able to write commercial auto, and we typically decline HNOA when there is a separate commercial auto policy in place, there are some auto carriers (e.g., Progressive), who will not offer HNOA for classes of business we write. In these instances, we may make an exception.

The underwriting file should be documented with a copy of the commercial auto policy declarations and/or policy documents confirming the following:

- ▶ No coverage for HNOA is afforded
  - Review auto schedule and symbols
  - 1, 8 and 9 are indicators of duplicate coverage, and we should not provide HNOA if these symbols are used
- ▶ The commercial auto policy is written at a \$1 million combined single limit or greater
- ▶ Requires product leader/team leader signoff

*Please note: We currently do not offer HNOA coverage in Mississippi or Vermont due to legal climates.*

## **Bar/Tavern**

If the restaurant is making its own deliveries with employees' vehicles, we cannot offer HNOA. This is very common for pizza shops and Chinese restaurants. If these risks are requesting HNOA, you should be asking additional questions regarding who is making the deliveries and what vehicles are being used.

When web reviewing, go to the restaurant's website, and see if they advertise delivery. If there is an option to order online, click the option to see if it takes you to a third-party delivery service. If it does not and they are offering delivery, you may need to ask more questions regarding who is making the deliveries and what vehicles are being used.

## **Other Important Notes**

- ▶ In Georgia, Illinois, Mississippi, Vermont and New Hampshire, we must offer uninsured and/or underinsured motorist coverage when we offer HNOA coverage
  - In these states, apply a 1.75 surcharge to the premium for uninsured and underinsured motorist coverage
- ▶ If HNOA coverage is desired, it can be provided via endorsement
  - The combined single limit will equal the general liability occurrence limit
  - Refer to the state filing for a state-specific form
- ▶ HNOA can be purchased together, or non-owned auto coverage can be purchased separately
- ▶ The limit for HNOA cannot be higher than the general liability limit