

Drive Other Car Coverage – Part One

A special coverage concern exists for households that only have access to vehicles that are either supplied or owned by a business. Another situation that causes a problem is the use of vehicles that are either rented (hired) or borrowed (non-owned). Such vehicles generally must be handled by a commercial policy. However, a basic business auto policy is not designed to cover losses connected to personal vehicle use or to provide full coverage for instances where the regular drivers are not also the vehicle owners. Individuals or families in the above situation may face several coverage gaps, such as the following:

- A basic business auto policy does not provide liability coverage for operating a hired or non-owned car. The individual is only covered while driving their company owned vehicle. For example, Joe has no personal auto policy since his employer supplies and insures the car he drives. One day Joe is driven by a friend to a bachelor's party. Later in the evening, his friend drinks too much and asks Joe to drive them both home. On the way, his friend passes out, distracting Joe from noticing a stop sign. Joe crashes into a minivan. The friend had minimum limits on his policy and Joe is left with no insurance coverage for the damages and injury he caused.
- No coverage exists for the individual's spouse or other family members for medical payments, uninsured motorist or underinsured motorist. Consider Cindy's plight. Cindy and her parents drive her dad's company-owned car, so they don't have a personal auto policy. Cindy's pal, Karen, invites her to go shopping at a mall. Halfway there, a pick-up strikes Karen's car and Cindy was seriously injured. The other driver was uninsured and Karen's policy carried minimum uninsured motorists (UM) limits. Cindy's family had to bear the expenses that weren't handled by Karen's UM coverage.
- No coverage is provided for physical damage losses to any hired or non-owned car. Ginger was bored and inconvenienced by driving her husband's company car, the only one in the household. Her neighbor, Jake, was selling his sports car, which he couldn't afford to insure. Ginger liked the car, so she took it for a test drive. However, she took a sharp turn too fast, ran off the road and hit a tree, demolishing Jake's car. Freda had to pay for the damages herself since her husband's commercial auto policy did not cover the loss.

There is an option that could close gaps in the above situation. A commercial auto policy could be amended with Drive Other Car Coverage. This option can be used expand the policy to list and protect other persons and situations. Typically, the following coverages are provided by the option:

- Liability
- Auto Medical Payments
- Uninsured Motorists
- Underinsured Motorists – if uninsured motorist coverage is purchased at higher than basic limits, underinsured motorists coverage is automatically included. If underinsured motorist is purchased separately, premium and limit must be shown.
- Physical Damage

Please see part two of Drive Other Car Coverage to see how this option works.

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