

Commercial Auto Basics

Getting the right type of coverage for your business is important—to you and to us. Frequently we are asked about the difference between personal auto insurance and commercial auto coverage. So we've put together this quick tip sheet to cover the basics about commercial auto insurance. First, let's start with a few simple questions.



What is commercial auto insurance?

This type of insurance provides physical damage and liability coverage for vehicles used by your company.

What does this policy cover?

Commercial auto insurance covers cars, trucks, vans, and even large fleets used to help you conduct your business. This includes food trucks, work vans, and service utility vehicles.

Won't my personal auto insurance work? Personal auto insurance covers your personal automobile. While commercial auto insurance covers any vehicles you, or your employees, operate for business.

What types of vehicle usage could get by with personal auto insurance?

If you only use your auto to commute to the construction site or grab donuts for colleagues, you could be okay.

But it isn't wise to risk it. When in doubt, ask your insurance agent to help guide you to make the decision that is right for you and your business.

What types of businesses typically need commercial auto insurance?

Any vehicle operation for business-related purposes needs commercial auto insurance. Note that there may be additional coverage needs for transporting passengers or hazardous materials.

The options are endless. Here are just a few examples:

- Auto parts distributors
- Commercial or residential contractors who offer things like plumbing, HVAC, roofing, etc. Food trucks and beverage services
- Miscellaneous retail or inspection services
- Pizza or other food delivery
- Service-related businesses
- Taxis or limos

Is commercial auto insurance required?

Most states require all registered vehicles have liability insurance. Most states require the minimum insurance requirements on any vehicle. This rule applies to passenger and commercial vehicles.

Personal vs. Commercial: A Checklist

Since every business is different, your specific insurance needs will vary based on your company's unique situation.

While every insurance agent is the best person to walk business owners through the evaluation journey, everyone needs a starting point to frame the conversation. Here are some simple questions to consider:

- Do you use your vehicles for business more than three times per month?
- Do your employees use personal vehicles to conduct business?
- Is driving part of your job responsibility?
- Is your vehicle designed to haul things?
- Do you use your vehicle to transport people or property?
- Is your vehicle used to transport goods?
- Is your vehicle registered to a business?

If you answered yes to any one of the questions in the checklist, you might need to upgrade to a commercial auto policy. Email or call our office to schedule a time to discuss your business needs.

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