

What Is Commercial Auto Insurance?

Commercial auto insurance provides financial protection from the risks and liabilities of owning and operating business vehicles. Those vehicles can range from box trucks making deliveries to food trucks operating roadside or a sedan used to run business errands. Basically, if a vehicle is owned by or used for your business, you should maintain commercial auto insurance for it.

Most commercial auto policies are fully customizable depending on the needs of your business, and coverage can even be adjusted throughout the year to cover specific seasonal risks. As with personal auto insurance, exactly what risks are covered and how much you would be compensated for a claim depends on the details of your specific policy, including the deductibles (what you pay up front) and limits (maximum that can be reimbursed) that you select.

Commercial auto insurance is just one of many types of commercial insurance, and every business requires a customized complement of policies and coverages. There are instances where an umbrella business insurance policy may include auto coverage.

Your local Trusted Choice® Independent Insurance Agent is a professionally trained expert. You can rely on your independent agent to analyze and explain the risks and liabilities of your entire business — including your commercial auto use — and help you determine what coverages you need. With Trusted Choice, you can have the assurance that your business is financially protected in the event of a loss or a liability claim, without over-insuring or overpaying.

What Does Commercial Auto Insurance Cover?

Like personal auto insurance, commercial auto insurance can provide these coverages:

- **Medical liability** is financial protection for your company if your driver is found to be at fault in an accident. It covers medical injuries and injury-related expenses for any person involved in the accident other than your own driver and passengers. It can reimburse your legal expenses should your company be sued by a person who was injured in the accident. Most states impose minimum medical liability requirements, but you'll want to discuss your options with your Trusted Choice agent.
- **Property damage liability** is a second financial protection for your company if your driver is found to be at fault in an accident. Usually required by law, it covers the damage caused to property other than your own.
- **Collision** provides financial protection for your vehicle if it's involved in any accident — from single-vehicle rollover to a collision with another vehicle or an object.
- **Comprehensive** is intended to compensate you should your insured vehicle be damaged by something other than a collision. That could include everything from theft to earthquakes, depending on your policy.
- **Medical expenses (on your side)**. Regardless which driver is at fault, medical expenses coverage will provide reimbursement for medical expenses or other injury expenses

related to an auto accident for the driver and any passengers in your insured vehicle. With your independent agent's help, you will be able to select a per-person maximum reimbursement (limit).

- **Uninsured or underinsured motorist** protects you should an accident happen between your company's driver and an at-fault driver who has insufficient auto insurance.

Policies can also include coverage for theft, vandalism, and other damages and losses, depending on what you buy.

Your Trusted Choice independent agent can help you tailor the best policy for your business and the regions you operate in.

What Doesn't Commercial Auto Insurance Cover?

Typically, commercial auto insurance does not cover borrowed or rental cars and personal vehicles. However, if a loss happens while one of these kinds of vehicles are used for your commercial purposes, your business can still be on the hook for damages, repairs, and medical bills for both your vehicle and employees and any other motorists or passengers involved in an accident. A separate hired and non-owned auto insurance policy (or policies) is needed in cases where employees regularly drive their own cars for work purposes in the absence of a company vehicle, such as a restaurant delivery driver.

Standard commercial auto insurance also doesn't usually cover fleets of commercial vehicles (think heavy duty class 8 trucks, taxi services and car rental companies). Commercial fleet insurance is available for these types of businesses. Just ask your Trusted Choice agent.

Why Do I Need Commercial Auto Insurance?

All drivers take a significant risk whenever they get behind the wheel — and commercial drivers tend to get behind the wheel a lot more often than your average motorist. Consider how many people use their personal vehicles only to commute to and from work at a static location — whereas driving the vehicle *is* the work for commercial drivers. With higher usage, commercial vehicles come with more risks — as well as higher coverage limits and premiums.

Types of businesses that qualify for commercial auto insurance include:

- Contractors like painters, roofers, carpenters, etc.
- Electricians, plumbers, appliance repair technicians, and HVAC professionals
- Lawn care and landscaping businesses
- Caterers and food vendors
- Sales, real estate, and other businesses where employees drive to meet with clients

Does Commercial Auto Insurance Cover Personal Use?

Sometimes a company-owned vehicle is also used for personal use. Usually that personal use is covered by a commercial auto insurance policy. However, if you or an employee are using a personal vehicle for commercial purposes, even just occasionally, then you or they need to ensure you have sufficient coverage under a personal policy, or need to purchase a commercial policy.

The coverage details of commercial auto insurance can vary from policy to policy. If you or an employee are using a personal vehicle for any kind of commercial purpose, your Trusted Choice independent agent will be able to advise what is appropriate for your situation.

Will Commercial Auto Insurance Cover Me if I'm a Gig Driver?

Insurance considerations for the gig economy have been hotly contested since the rise in popularity of rideshare services in recent years. A driver using their personal vehicle for a rideshare or delivery service is usually not covered by their personal auto insurance during their gigs, as it is considered commercial use of the vehicle. The companies that drivers work for may offer commercial auto insurance, but because drivers are considered contractors rather than employees, the policy will only cover gig drivers at specified times.

For example, most rideshare companies have insurance plans that will cover drivers after they have accepted a trip and are on their way to pick up a passenger; they'll also cover the miles driven after the passenger has been picked up until they are dropped off. However, the plans usually won't cover drivers who have their ridesharing app turned on but are waiting for a pickup request — and personal policies won't cover that period either because, as mentioned, it's considered as commercial use of the vehicle.

Fortunately, many insurers now offer rideshare insurance as a separate policy that can be bundled with a personal auto insurance policy for a more affordable premium or as an endorsement or rider to their personal policy. Hybrid policies that cover both ridesharing and personal auto use are also out there. If you're using your personal vehicle for commercial purposes, you need rideshare insurance solutions to fill the gap in that gray area between personal and commercial auto insurance.

If you're unsure if you need personal, commercial, or a hybrid type of auto insurance, your Trusted Choice agent can help you a policy that works for you.

Is Commercial Auto Insurance Required?

As with personal auto insurance, state requirements for commercial auto insurance vary, but most states require some level of coverage. Businesses without commercial auto insurance

must pay for damages, injuries, and lawsuits themselves. Commercial auto insurance premiums are a minor expense when weighed against the potentially devastating cost of an auto accident.

How Do I Get Commercial Auto Insurance?

You can get excellent coverage designed for your business's specific needs through your Trusted Choice Independent Insurance Agent. Your local independent agent knows the insurance requirements for your state and can help you find a policy that meets them. Trusted Choice agents also do the work of shopping among many different companies for you, so you can be sure to get reasonable rates and coverage appropriate for your situation.

Not sure of your next step? The Trusted Choice [independent agent matching tool](#) can help you find a professional insurance expert near you.

How Much Does Commercial Auto Insurance Cost?

Commercial auto insurance tends to cost more than personal auto insurance because of the increased risks that come with commercial driving. If your business vehicle use skirts the line between personal and commercial, it may be tempting to opt for the less expensive option (or no coverage at all). Your personal auto insurance usually will not cover you if there is a loss while your vehicle is used for commercial purposes; and any potential compensation will likely be insufficient due to lower personal auto policy limits. Ultimately, the potential financial loss for your business is not worth the risk.

Keep in mind that commercial auto insurance rates do vary from state to state and are affected by several factors:

- The deductible and coverage limits you chose for the policy
- The number of vehicles your policy will cover
- The types and value of the insured vehicles
- Level of risk for your business
- Your claims history
- Employee driving records

Shopping for the right coverage at the right price can be challenging. A Trusted Choice independent agent can help you find a competitive price for your needs in your area. Use the Trusted Choice [independent agent matching tool](#) to find a reputable independent agent near you.

Is Commercial Auto Insurance Tax Deductible?

Because it's a business expense, commercial auto insurance is tax deductible. Self-employed owners may be able to deduct commercial auto insurance premiums under the Internal Revenue Service Schedule C (Form 1040). Employees who do not receive mileage or expense reimbursement from their companies can use Form 2106 (Employee Business Expenses). If you have any question, you should consult your tax adviser.