**Business Automobile Insurance Basics**

You've worked hard to get your business off the ground (or to keep it going). So the last thing you want to worry about is a lawsuit. Business automobile insurance is designed to protect businesses against liability and property damage claims that may result when an employee has an accident.

**It's all Greek to me**

Respondeat superior (also known as vicarious liability) is a legal term of art. Loosely translated, it means "let the higher up be responsible." As the employer, you're responsible for the actions of your employees (within certain limits). If you send your employee out to do something (e.g., make a delivery) and the employee causes an accident, you'll need to put your business auto policy (BAP) insurer on notice, because it's likely that any damage claims will be filed against the employer--"the higher up."

It's not that the employee is not liable; after all, the accident was the employee's fault. The injured party may hold both the employee and the employer liable, but in general, it's the employer that pays the claim. When one party (employer) agrees to (or is otherwise bound to) pay for damages caused by another party (employee), this is known as indemnification. And this is why you may want to consider business automobile insurance.

**They've got you covered**

Your BAP is designed to protect your business against two basic types of claims: property damage and liability. Property damage coverage pays for damage to cars involved in an accident, but it doesn't stop there. Did you know that it may also cover damage to landscape (e.g., running over flower beds) and personal items left inside the car? Liability, on the other hand, covers your business in case you or your employees injure someone. Your BAP explains in detail what is or isn't covered--check it out.

**Fleet insurance**

If you're looking to insure a number of vehicles, you may want to consider fleet insurance. Typically, insurers will write fleet policies for four or more vehicles. You may get a reduced premium by putting all of your vehicles on one policy. Talk to your insurer to find out if fleet insurance is right for you.

**Coverage vs. cost**

You need to balance coverage (protection) against cost. Choosing the appropriate level of coverage depends on a number of factors, including:

* The value of the vehicle(s)
* The value of the assets you must protect
* The amount of money your company can afford to pay out of pocket
* The company's risk tolerance

If a damage claim is filed against your company, and the amount sought is higher than your company's coverage limits, your company (or you personally if it's a sole proprietorship) will be responsible for any amount beyond that coverage. Your insurance agent can tailor a policy to meet your company's needs.

Now, the employer isn't always responsible for its employee's actions. Here are a few examples of when an employee may be on his or her own:

* Intentional acts
* Acts beyond the scope of the employee's authority
* Nonbusiness pursuits during business hours
* Nonbusiness pursuits after business hours

**Where does that number come from?**

Have you ever wondered how your insurance company arrives at the cost of your premium? Your insurer will consider the coverage amounts you select and will use statistical information about your company, its employees, and the vehicles that will be covered. There are several ways to reduce the premium, including:

* Multiple policy discounts (auto, property and casualty)
* Accept larger deductibles (out-of-pocket expenses)
* Antitheft systems (alarms, tracking devices)
* Good driver discounts (a percentage for each year of clean driving)
* Safety restraint devices (air bags, seat belts)
* Garaging (indoor facility)

**Evaluating and comparing coverage**

Before purchasing auto insurance, you should evaluate and compare the various products offered to ensure that your company gets the best deal possible. Compare policies in terms of price, coverage, exclusions, and reputation of insurer. Shop around for different quotes, but make sure you are comparing similar policies. Also, weigh the policy cost against both coverage and quality of service provided.