

# WHAT COVERAGE VENDORS NEED

Hired & Non-Owned Auto (HNOA) coverage protects the vendor's business when employees use personal vehicles for work. The vendor does not need to own any vehicles. This coverage can be obtained either by endorsement to the General Liability policy or included within a Commercial Auto policy

## THE COMMON VENDOR PUSHBACK

**"We don't have commercial auto insurance because our employees drive their own personal vehicles."**

### WHY THAT ANSWER IS NOT ENOUGH

When an employee drives their personal vehicle to or from an HOA community for a work assignment, the employer can be held liable if that employee causes an accident. The employee's personal auto policy may not cover the employer at all. Without the right coverage, the vendor company is exposed and so is the association that hired them.

### WHAT WE ACTUALLY NEED FROM THE VENDOR

Hired & Non-Owned Auto (HNOA) coverage. This protects the vendor's business when employees use personal vehicles for work. It does not require the vendor to own any vehicles. Most insurers add HNOA as an endorsement to the vendor's existing General Liability policy.

### HOW TO EXPLAIN IT TO A VENDOR

**SUGGESTED TALKING POINT:** "We understand you don't own company vehicles, and that's fine. What we need is Hired & Non-Owned Auto coverage, which protects your business when your employees are driving their personal cars on the job. Your insurance agent can usually add it to your existing liability policy. It's a small cost that closes a real gap in your coverage."

### WHAT TO LOOK FOR ON THE CERTIFICATE OF INSURANCE

In the auto liability section of the ACORD certificate, look for:

- ✓ "Hired Autos Only" and "Non-Owned Autos Only" boxes checked
- ✓ OR "Any Auto" checked (covers everything, including HNOA)

**IF THE AUTO SECTION IS BLANK OR MISSING ENTIRELY, THE VENDOR HAS A COVERAGE GAP.**

| COVERAGE TYPE   | WHAT IT COVERS                                                | WHEN IT APPLIES                                         |
|-----------------|---------------------------------------------------------------|---------------------------------------------------------|
| Commercial Auto | Company-owned or leased vehicles used for business            | Employee-owned personal vehicles used for work purposes |
| Hired Auto      | Vehicles rented or borrowed by the business (ex. rental cars) | Vendor rents vehicles for projects or temporary use     |
| Non-Owned Auto  | Employee-owned personal vehicles used for work purposes       | Employees drive their own cars to/from job sites        |

## BOTTOM LINE

"We don't have commercial auto" is not the same as "we don't need auto-related coverage." Any vendor sending employees to our communities in personal vehicles should carry HNOA, it protects them and the associations.



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