

Hired & Non-Owned Auto Liability (HNOA)

An explainer for clients of Peloton Insurance Brokers

What it is (in plain English)

HNOA protects your business when a vehicle you don't own is used for company business and there's an accident. It fills the gap between the driver's own insurance and your company's liability.

- **Hired Auto = vehicles you rent, lease, or borrow short-term in your business name.**
- **Non-Owned Auto = employees' (or volunteers'/owners') personal vehicles used for company errands (bank runs, client visits, deliveries, etc.).**

What it covers

- **Bodily injury & property damage liability your business is legally responsible for when a covered auto is involved in a business-use accident.**
- **Defense costs to investigate and defend covered claims, even if a claim is groundless (up to policy terms).**
- **Excess over the driver's policy in most cases (see "How it responds," below).**

Optional: Hired Auto Physical Damage can be added to cover damage to a rented vehicle (similar to a rental car "loss damage waiver").

Who is covered

- **Your business (the named insured): coverage for your company's vicarious liability arising from permitted use of non-owned or hired autos.**
- **Employees/owners/volunteers driving their own cars:**
 - **Their personal auto policy is primary for their own liability.**
 - **Many HNOA policies do not automatically insure the employee as an individual. An "Employees as Insureds" endorsement may be needed to extend defense/coverage to them under your policy. Ask us if you'd like that included.**

What it doesn't cover (common gaps)

- **Autos your business owns or is on the title/long-term lease (usually 6+ months) → requires a Business Auto policy.**
- **Physical damage to an employee's personal vehicle (handled by their own comp/collision).**

- **Commercial transport or delivery exposures beyond incidental errands (e.g., rideshare, livery, trucking).**
 - **Ineligible vehicle types/uses or drivers not meeting underwriting guidelines (varies by insurer).**
 - **Contractual obligations you agree to in rental contracts beyond policy terms.**
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How it responds (priority of coverage)

- 1. Driver's personal auto policy (or the rental contract's coverage) usually responds first.**
 - 2. Your HNOA typically responds excess above that, up to your policy limits.**
 - 3. If the vehicle is rented in your company's name and you have Hired Auto Physical Damage, your policy (or the rental's LDW) can address damage to the rental itself—subject to deductibles/terms.**
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Quick scenarios

- **Employee bank deposits in their own car: Employee rear-ends another vehicle. Their personal auto is primary; HNOA protects your company if it's also named in the claim.**
 - **One-day van rental for an event: You rent in the company's name; driver sideswipes a parked car. Liability addressed under Hired Auto; optional Hired Auto Physical Damage can help with damage to the rental.**
 - **Volunteer drives to a client visit: Volunteer causes an accident. Volunteer's policy is primary; HNOA helps protect your organization if sued.**
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When you likely need HNOA

- **You reimburse mileage or ask people to use their own cars for work.**
 - **You rent vehicles occasionally for events, deliveries, or travel.**
 - **You don't own company vehicles but still have people on the road for business.**
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Best practices (reduce risk & smooth claims)

- **Keep a driver list and MVR/driver criteria (e.g., valid license, acceptable violations).**
- **Require employees who drive for business to maintain minimum personal auto limits and proof of insurance.**

- **Rent vehicles in the company's name and consider Hired Auto Physical Damage or the rental's LDW.**
 - **Have a simple accident reporting procedure (photos, police report, notify us promptly).**
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Getting/confirming coverage

We can add HNOA (and the Employees as Insureds endorsement, if desired) to your program and tailor limits to your risk profile.

Questions or changes? Contact us and we'll advise on options and pricing.