

# Why Commercial Auto Risk Is Often Misunderstood




Commercial auto risk is often misunderstood as a simple question of vehicle ownership; but for insurers, the real exposure lies in how a business operates day to day. A plumber's service van, a contractor's flatbed and a non emergency medical transport vehicle may all fall under commercial auto, but each presents a very different risk profile. Add in employees driving personal vehicles for work, rented trucks for one off jobs and the growing use of telematics and dashcams, and the picture becomes even more complex.

Understanding how these exposures are evaluated and where common misconceptions arise is critical for businesses looking to avoid gaps, surprises and costly claims.



## How insurers assess auto risk by business type

Insurers often begin their assessment of commercial auto risk by looking at a company's vehicle fleet, which quickly reveals how the business operates, how frequently vehicles are on the road and the potential severity of claims. While every account is unique, most fall into a few broad categories:

-  Service contractors such as plumbers, HVAC companies or pest control firms, which typically use light trucks or vans driven by the same employees each day, creating more predictable risk patterns.
-  Heavy construction and utility operations, where larger trucks and equipment haulers introduce higher severity exposure due to vehicle size and jobsite conditions.
-  Passenger transportation, including taxis, buses, ambulances and non-emergency medical transport, which carries elevated liability because transporting people, especially vulnerable riders, raises the likelihood and cost of injury-related claims.

## Higher-risk classes

Auto risk tends to rise significantly when businesses transport people rather than tools or materials. Passenger-focused operations introduce additional liability simply because injuries, whether real or alleged, can escalate quickly, even from minor incidents.

Non-emergency medical transport (NEMT) is a clear example, combining frequent passenger entry and exit with riders who are often elderly, injured or otherwise vulnerable. These operations also tend to rely on drivers with minimal licensing requirements and experience higher turnover, which can further elevate risk. As a result, insurers place heavy emphasis on driver quality and consistency when underwriting these classes, knowing that who is behind the wheel often matters as much as the vehicle itself.



## What businesses get wrong

Hired and non-owned auto coverages are often grouped together, but they address very different exposures and is a common source of confusion.



Hired auto applies to vehicles a business rents or leases temporarily to support operations, such as renting a larger truck for a one-off job.



Non-owned auto covers situations where employees use their personal vehicles while conducting business, such as driving to meetings, client visits or deliveries.

Non-owned auto coverage is not primary insurance. It functions as excess coverage over the employee's personal auto policy, stepping in only after those limits are exhausted.

Many businesses assume non-owned auto replaces personal insurance, but that misconception overlooks its true purpose and explains why the coverage is relatively affordable despite being an essential backstop for employer liability.

## When non-owned auto becomes a serious exposure

Non-owned auto risk can become significant in situations businesses don't think of as "driving jobs." Employees using personal vehicles to attend meetings or visit clients, restaurants relying on staff to make deliveries and volunteers driving on behalf of organizations can all create meaningful liability for the employer.

If an accident occurs, claims are rarely limited to the driver alone. Companies can quickly be drawn into lawsuits for injuries or damages arising from activities conducted on their behalf. Without proper non-owned auto coverage in place, these everyday scenarios can lead to costly and unexpected gaps in protection.





## Telematics and dashcams

Telematics and dashcams have become essential tools in commercial auto, not only for defending claims but for reshaping how risk is managed overall. In the event of an accident, these tools provide objective, time-stamped evidence that can quickly clarify what happened, helping insurers and insureds respond to disputed or exaggerated allegations. Many systems also trigger automatic alerts after a collision, allowing insurers to begin reviewing data almost immediately, often before a claim is formally reported.

Beyond claims response, telematics shift auto risk management from a reactive process to a proactive one. By identifying risky driving behaviors, businesses can address issues through coaching before accidents occur.

The data also helps confirm how vehicles are being used. This helps in supporting more accurate underwriting and pricing. In an environment where transparency matters, telematics give both insurers and businesses better insight into risk long before a loss happens.

## Closing coverage gaps between auto and general liability

Gaps between commercial auto and general liability policies often emerge in gray areas where responsibility isn't immediately clear. These areas often include:

- Loading and unloading injuries
- Passenger entry and exit incidents
- Fueling and service-related errors

These situations can quickly turn into coverage disputes if policies are not coordinated properly. Ensuring that auto and general liability coverage align and clearly address these overlap points helps prevent delays, disputes between carriers and unexpected losses when claims arise.

## We help you win

Amwins is your end-to-end transportation specialist, with a comprehensive suite of solutions designed to address a broad range of transportation business risks. With decades of claim management expertise, we help your commercial transportation clients better mitigate risks and control insurance costs.

Placing more than \$1 billion in annual premium, Amwins is here to help with your client's nationwide transportation exposures.

Contact a broker today to get started.

### Insights provided by:

– [Tim Hollis](#), VP, Amwins Brokerage

### CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

### LEGAL DISCLAIMER

Views expressed here do not constitute legal advice. The information contained herein is for general guidance of matter only and not for the purpose of providing legal advice. Discussion of insurance policy language is descriptive only. Every policy has different policy language. Coverage afforded under any insurance policy issued is subject to individual policy terms and conditions. Please refer to your policy for the actual language.

*Courtesy of Amwins Group, Inc.*

