

One of the wonderful things about owning your own business is that it offers you opportunities for tax savings and other lifestyle options that you would never have as an employee of that company. Often, one of the first perks a restaurant owner gives himself often is the company car. [There are tax breaks associated with buying a car in your company name](#) . But there are also some lesser understood insurance coverage issues that go along with this choice and this blog will help you understand one of them.

When you insure a vehicle that you purchase in the name of your company, you will need to purchase a [business auto insurance](#) policy. For the most part, this policy looks and acts a lot like the personal auto insurance policy that you are used to. But there are significant differences, one of which has to do with the problem of who is a named insured on the policy. With your [personal auto insurance policy](#) , the named insured is you of course. With a business auto policy, the corporation or business entity is the named insured. The subtle message here is that there are some protections that are afforded to a named insured on a policy that are not extended to the driver. By trading in your personally owned vehicle for a company owned vehicle with its associated business auto policy, you are giving up some protection for yourself.

I think an example might help point this out better. Let's say one of your good friends comes and dines at your restaurant. After dinner he hangs around at the bar to watch a ball game and before you know it he is closing the place down. You realize that maybe he shouldn't be driving and so you agree to drive him home and you have your spouse follow you in the company car. Now, let's further assume that on the way home you make an error of judgment, have an accident that is your fault and now face damages in that accident of \$500,000. Your friend's insurance company will pay most of the claim, but now they want to subrogate against you since you were liable for the accident in the first place (as the driver). So here's where it gets tricky. If you have a North Carolina personal auto insurance policy and you are the named insured, then your personal auto policy will come to your aid and serve as excess coverage over that provided by your friend's insurance company. But, if you have only a business auto policy, no such excess protection exists. And the real danger for most restaurant owners in this situation is that they just assume it would.

So what is the solution to the coverage gap? It's pretty simple really. Just add DOC (stands for Drives Other Cars) coverage to the business auto policy. This endorsement will put you in the position of a named insured on your business auto policy. The policy can now list you and your spouse on your business auto policy and extend protections to you when you drive cars other than those listed on your business auto policy. Now I want to make it clear that if you are driving a company car and you still keep a personal auto insurance policy in force on your

personally owned vehicles, that this coverage isn't needed. But if the only cars you have are owned by your company, then call your agent today and make sure that this coverage gap is closed.

At [Clinard Insurance Group, in Winston-Salem, NC](#) , we specialize in helping restaurant owners all across North and South Carolina with their restaurant insurance needs. We want all restaurant owners to be informed insurance consumers. We understand every restaurant is different from all the others and we know that you don't want to buy protections that you don't need or worse yet, miss out on the ones that you do need because you were lumped into some overly broad category of restaurant insurance. That is why we have created 5 distinct restaurant insurance programs. We have a

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