

Non-owned Auto Physical Damage Reimbursement (Employee Vehicles)

NONPROFITS OWN® Enhancement Endorsement to BUSINESS AUTO LIABILITY

The Problem

California Labor Code § 2802 states that an employer must indemnify an employee for all necessary expenditures or losses that the employee incurs in direct consequence of performing work-related duties. When an employee is using their own vehicle for work, that employee's own personal auto coverage provides protection for damage to the vehicle and is the primary layer of coverage for any liability claim.

However, many personal auto lines carriers have now adopted exclusions that eliminate coverage for an employee involved in a business-related activity, including employment with nonprofits. This has created a gap in coverage when an employee driving their own vehicle to perform work-related duties gets in an accident and the employee's personal auto carrier denies the claim for physical damage. Under Labor Code § 2802, the nonprofit is still required to reimburse the employee for the loss related to the claim.

Our Solution

Product Highlights:

- \$5,000 per claim limit/\$25,000 annual aggregate limit
- Reimburses insured nonprofit for the payments made to employee for the physical damage to employee's personal vehicle while performing work-related duties

NIA Insurer: NIAC Only

Form: NIAC-E130

Effective Date: 07/01/2020

Coverage in Action

An employee of a nonprofit arts center crashes into a pole while transporting various supplies from the main office to a gallery. Because the employee had been driving their personal vehicle, the employee files a claim with their personal auto carrier. The personal auto carrier however denies the claim on the basis that the employee had been performing work-related duties. Under the Non-owned Auto Physical Damage Reimbursement, the nonprofit is able to reimburse the employee for the loss.



The insurance policy, not this brochure, forms the contract between the insured and the insurance carrier. The policy may contain limits, exclusions, and limitations that are not disclosed in this brochure. Coverages may differ by state.

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