General vs. Auto Liability: Why Does It Matter?

July 1, 2021

When a trucking company is liable for causing an injury or harm, it often looks to its insurance to cover any associated costs. This insurance comes in multiple forms, two of which are general liability and auto liability. Knowing the differences between them is crucial when a trucking company finds itself accused of causing an accident.

Auto liability covers a trucking company when one of its drivers is at-fault in an accident. It is required for companies to operate as “interstate travelers,” and all states have certain rules on this kind of insurance and how much companies must purchase. Auto liability covers bodily injury caused to other individuals and damage to their property. Bodily injury includes reimbursement for lost wages, medical expenses, and pain and suffering. Property damage includes harm to another person's car or house, among other things.

General liability, on the other hand, is crucial for trucking companies because their legal exposure extends beyond vehicular accidents. Legal liability can arise from a company's premises, deliveries, or employees. General liability covers accidents involving customers on a company's property, such as a slip and fall case, and the costs associated with delivering incorrect goods. Also, it covers employees' actions when on the property of others, such as when loading or unloading products.

Knowing the distinction between these types of insurance emphasizes the importance of trucking companies obtaining both of them. Vehicular accidents will occur, but other events often bring a significant cost. For example, suppose that a driver, in a rush to finish her deliveries for the day, accidentally delivers the wrong items to two different locations. Both need the supplies in order to manufacture products, and the businesses miss important deadlines because of the faulty delivery. Such an incident would not be covered under auto liability insurance, as it is not the result of operating a motor vehicle, but it is certainly foreseeable. Coverage for products and completed operations falls under general liability coverage.

Next, suppose that a trucking company allows its workers to bring their dogs with them on long road trips. In the course of making a delivery, a dog jumps out of the truck and bites an individual. Auto liability insurance would not provide coverage for damages here; no motor vehicle accident contributed in this scenario. As a result, if the trucking company did not have general liability insurance, it would be required to pay for any damages to the bite victim, which could be substantial.

One can think of other common situations where auto liability coverage would be inadequate to protect a company, including negligent hiring and libel or slander accusations. Trucking companies should aim to avoid the difficult position of being sued only to realize they do not have sufficient or correct coverage for the particular injury.

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