

# Tips for Controlling Hired/Non-Owned Exposures

Employees' use of their personal vehicle is often required by a business. Although the employee's automobile insurance policy provides primary coverage in the event of an at fault accident while on company business, the business may be held liable for losses exceeding the coverage limits. For that reason a business needs to assure there is sufficient insurance coverage, and also needs to have policies in place to reduce the risk of loss.

The business should develop a policy statement that outlines the minimum expectations of the business and ensure all driver employees receive a copy. Additionally, all driver employees should be required to sign a copy of the policy statement, the signed copy should be kept in the employee's personnel file. It is also important that personnel driver training incorporate this policy statement. The expectations outlined in the policy statement must be equally applied to all drivers operating their own vehicles on company business. The policy statement should address the following areas.

## INSURANCE COVERAGE

A business should make a formal decision regarding the minimum levels of insurance to be required for employee owned/leased vehicles that are operated for the business. We suggest that employees who drive their own vehicle on company business maintain automobile coverage on their personal vehicle of \$100,000/\$300,000. It is also recommended for the business to require the employee to provide proof of the insurance coverage limits. A current copy of the declarations page of the employee's automobile insurance policy should be kept on file by the business. Annual performance evaluations are a good time to review this insurance information to ensure it is up to date.

## DRIVER QUALIFICATION

Drivers of personally owned/leased vehicles should be "qualified" as if they were operating business-owned vehicles. The driver should have a valid driver's license from his/her State of residence. A State Motor Vehicle Record (MVR) should be obtained initially and annually thereafter for each driver. The MVR should be compared against company-established criteria. Employees that do not meet company criteria should not be allowed to operate vehicles for the business. Please see a copy of the Irwin Siegel Agency's MVR Guidelines resource for further information.

## DRIVING POLICIES

Driving policies should be clearly stated. Employees operating vehicles on company business are required to comply with all laws and State regulations. All occupants of vehicles operated for business purposes should be secured in a safety belt. The use of cell phone/texting or the use of any other electronic communication should be strictly limited, except in emergencies. In addition, the use of alcohol and controlled substances should be banned during working hours. The business' driving policies should be in writing and reviewed with all eligible employees.



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### SUPERVISION

The business plays a vital role in enforcing driving policies and enabling employees to abide by them. The business needs to take steps to ensure that it has reasonable expectations for their driver employees. For example, scheduling appointments too closely can encourage speeding and reckless driving. In addition, employees should be continuously evaluated based on their driving performance. At a minimum, this should be documented annually as part of their annual performance appraisal.

### TRAINING

The business should make a requirement for all employees operating their own vehicles on company business to be subject to all training required of operators of company owned/leased vehicles. Even experienced drivers can find some refreshing ideas in driver training sessions; especially in defensive driving.

### MAINTENANCE

Safety is the number one concern when employees use personal vehicles on company business therefore a policy should be in place requiring the employees to maintain their vehicle in accordance with the manufacturer's recommended service guidelines. Any equipment malfunction observed on the employee's vehicle should be addressed immediately.

### ACCIDENTS

Employees operating their owned/leased vehicles on company business that are involved in an accident should be required to immediately report the accident to management. Furthermore, to ensure all pertinent information is readily available in the event the company is involved in future litigation all details of the accident should be recorded and filed internally.

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