

Tips for Employers

Understand the risk of employees driving their personal vehicles for business purposes

If an employee causes an accident while performing work-related duties, you could be at the mercy of their insurance coverage...or lack thereof. Fortunately, you can act to keep potentially costly events from reducing your company's profits. Let The Cincinnati Insurance Companies help.



What could happen?

By law, employers are responsible for the actions of employees performed within the course and scope of their employment – even when driving their personal vehicles.

While auto accidents cannot be predicted, the risk your business faces when employees drive their own vehicles for business purposes can be. If an employee causes an accident while performing work-related duties, your employee's automobile insurance policy would pay for damages. However, your business can still be held responsible for amounts exceeding what your employee's personal auto insurance policy pays. When you understand the risks you face, you can better manage them. Consider these scenarios:

- **Distracted driving** – A company engineer rents a vehicle at the airport. On his way to a supplier's headquarters he bends down to pick up a rental agreement from the floorboard and drives through a stop sign, injuring a cyclist in the crosswalk.
- **Compromised driving** – A sales associate, using her own vehicle, drives through the night to reach the town of her next day's appointment. She falls asleep at the wheel and rear ends a stopped vehicle, seriously injuring its occupants.
- **Blatant disregard** – An office clerk uses her vehicle to make a quick trip across town to pick up office supplies. While texting, she goes left of center and strikes a daycare bus, injuring the bus driver and three passengers.
- **Random acts** – Your architect, in his personal vehicle, is on his way to drop off building designs at the city planner's office when a dog runs into the street. He swerves to miss it but strikes a fire hydrant, knocking it loose and causing water to fill the street.
- **Unexplainable events** – A volunteer at the company medical center is instructed by a manager to transport two nurses to a short staffed location. The volunteer loses control of the vehicle, veering off the right side of the road and striking a telephone pole. Along with injuries to both nurses, the power goes out, shutting down businesses in a strip shopping center for six hours.



How can you reduce your risk?

One of the best ways to protect your business is to add hired and non-owned auto coverage to your business auto or general liability policy. This coverage supplements the driver's personal auto insurance policy, providing essential liability and physical damage protection for your company when employees rent vehicles or drive their personal vehicles for business-related purposes.

You can further protect your business by requiring your driver employees to adhere to certain driving criteria. Have each driver sign an agreement that outlines the criteria and your expectations that they be met. Keep a copy of the agreement in the employee's personnel file. Use this checklist to make sure the agreement addresses:

- **Personal Insurance Coverage** – Circumstances and needs vary, making it important to seek the professional guidance of your local independent insurance agent. Generally, your drivers need matching minimum limits of insurance for liability and uninsured underinsured motorist coverages, starting at \$500,000 per accident. If your employee has a personal liability umbrella, lower auto limits may be acceptable. Require the employee to provide proof of the insurance, and keep a current copy of the declarations page of each employee's automobile insurance policy on file.
- **Driver Qualification** – Qualify all drivers as if they are operating business-owned vehicles. Drivers should have a valid driver's license from his/her state of residence. Obtain a Motor Vehicle Record initially, and annually thereafter, for each driver. Compare the MVR against your company's criteria, and do not allow employees who do not meet company criteria to operate vehicles for your business.
- **Driving Policies** – Require employees to comply with all laws and state regulations, including making sure that everyone in the vehicle use a safety belt, that the use of communication devices while the vehicle is moving is restricted except in emergencies and that the use of alcohol and controlled substances is banned at all times while operating a vehicle for business purposes.
- **Supervision** – Review policies and procedures to ensure your expectations are reasonable. For example, avoid scheduling appointments too closely as this can encourage speeding and reckless driving.
- **Training** – Even experienced drivers can find helpful ideas in driver training sessions. Offer driver training to operators of company vehicles as well as to employees operating their own vehicles. Driver training should include road observation to evaluate the application of trained techniques. Document and maintain training in employees' personnel files.
- **Maintenance** – Require employees to maintain their vehicle in accordance with the manufacturer's recommended service guidelines. Inspect vehicles before and after each use, and correct any identified deficiency before operating the vehicle.
- **Accidents** – Make sure employees know to immediately report any accidents to management. Record accident details in the event the company is involved in future litigation.

Your local independent agent and Cincinnati's loss control consultants are ready to partner with you to help protect your company assets from driver-related exposures.

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