



AUTO BEST PRACTICES

There are many scenarios in which an employee drives his or her personal vehicle to perform business-related tasks: calling on clients, traveling between worksites, attending seminars or training events, etc. As an employer, there are risks inherent in allowing employees to drive personal vehicles for work purposes, but there are several actions you can take to mitigate those risks.

VET EMPLOYEES

All employees who drive personal vehicles for work purposes should be cleared to drive by a member of the company's management team prior to hire and on a yearly basis thereafter.

If a position requires driving, check applicants' motor vehicle records before making final job offers. Prospective employees with poor driving records should not be hired. A person's past driving history is a good indicator of future driving performance, so motor vehicle records are a powerful hiring tool. Additionally, you should reserve the right to check motor vehicle records at least annually to ensure that current employees qualify to remain as approved drivers.

AS AN EMPLOYER

There are risks inherent in allowing employees to drive personal vehicles for work purposes, but there are several actions you can take to mitigate those risks.

ESTABLISH MINIMUM INSURANCE LIMITS

Employees who drive for work should be required to carry a personal auto policy with minimum limits of at least \$100,000/\$300,000. This means if bodily injury is caused due to accident, the employee's insurer will pay up to \$100,000 per person, \$300,000 per accident. The employee's insurer will pay up to \$100,000 per accident for property damage caused. Employees should provide proof of insurance at least annually in the form of a certificate of insurance or a copy of the declarations page of their current policy.

NOTE: *Your employees' personal auto policies will have various expiration dates. You should have a system in place for tracking the expiration date of each employee's policy in order to annually request proof of insurance from each employee. Consider restricting mileage reimbursements until proof of insurance is provided by the employee.*

The employee's insurance serves as your first layer of liability coverage, so be sure to notify employees that if they're involved in a work-related accident, their policy will respond first. What this means for you, as an employer, is that your company's insurance will be responsible for any damages not covered by your employee's insurance.

DEVELOP A COMPANY POLICY & COMMUNICATE IT

Every company should have a written workplace driving policy that is clearly communicated to employees who drive for business purposes. The policy should include provisions concerning drinking and driving, cell phone use, and the number of passengers allowed when conducting business. In addition, the policy should clearly state when the use of a personal vehicle will be expected or allowed, and all employee job descriptions should specify when driving a personal vehicle will be a job function. Finally, the policy should include a provision instructing employees to immediately notify management of any accidents, citations, or other traffic violations. A sample company driving policy can be located on Cottingham & Butler's Risk Management Center.

ENFORCE THE POLICY

After the driving policy has been established, it should be actively enforced. Employees found out of compliance with the company policy should be subject to disciplinary action.

PURCHASE HIRED & NON-OWNED COVERAGE

If employees will be using their personal vehicles for business, the company should have hired and non-owned auto coverage on its commercial auto policy. Hired coverage is for situations in which autos are not owned by the company or the driver (i.e. a rental car), and non-owned coverage protects the company against liability when vehicles that are owned by employees are used on behalf of the company.