



Driver Owned/Leased Vehicles Used for Business Purposes

Employees' use of their personal vehicle is often required by a business. While the employee's automobile insurance policy will provide the primary coverage in the event of an accident caused by the employee while on company business, the business may be held liable for losses exceeding the coverage limits. As such, 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, which is provided to all driver employees, that outlines the minimum expectations of the business. A copy of the policy statement should be signed by the employee driver and kept in the employee's personnel file. 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 decide what minimum levels of insurance should be required for employee owned/leased vehicles that are operated for the business. Once this threshold has been established, the business should 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.

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.

Driving Policies

It should be clearly stated that 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 required to be secured in a safety belt. The use of communication devices, such as cell phones, while the vehicle is in motion, should be strictly limited, except in emergencies. In addition, the use of alcohol and controlled substances should be banned during working hours.

Supervision

The business needs to assure that it has reasonable expectations for their driver employees. For example, scheduling appointments too closely can encourage speeding and reckless driving.



Training

Driver training available to operators of company owned/leased vehicles should be made available to employees operating their own vehicles. Even experienced drivers can find some refreshing ideas in driver training sessions; especially in defensive driving.

Maintenance

A policy should be in place requiring the employees to maintain their vehicle in accordance with the manufacturer's recommended service guidelines.

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. Details of the accident should be recorded by the company in the event the company is involved in future litigation.

For more information, contact your local AIG representative.

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