



Hired and Non-Owned Auto Controls

Many organizations routinely require employees to operate their personally owned vehicles while conducting company business. Although utilizing company-owned vehicles is an option that provides the highest level of control, it is not always the most financially feasible option. The control measures listed below should assist your organization in implementing an effective fleet safety program for employees driving personally owned and leased vehicles:

Insurance Coverage

Minimum levels of insurance coverage should be established and required to be maintained for all employee-owned and leased vehicles that are operated while conducting company business. Once this threshold has been established, all employees should be required to provide proof of the insurance coverage limits at the time of hire and annually after that. A current copy of the declarations page of the employee's automobile insurance policy should be kept on file.

Many automobile insurance companies exclude coverage of a personally owned or leased vehicle if the vehicle is involved in an accident while in the course and scope of conducting business. In these cases, the employer's business insurance policy would generally become primary. Also, the physical damage to the employee's vehicle in a fault accident would not have coverage. It is a recommended best practice to make employees aware of the potential coverage gaps and alert them to the importance of purchasing a "business use" endorsement to their personal auto insurance policy. Employees should be instructed to contact their insurance agent to assess the adequacy of coverage and any potential coverage gaps.

Fleet Safety Program Management

Designate one person at the management level as the Fleet Safety Manager with responsibilities to assess, develop, implement, review, and administer your auto risk management program. The Fleet Safety Manager duties could also be the responsibility of the HR department, all or in part. The responsibilities should include but not be limited to:

- Monitor motor vehicle reports (MVR) against established guidelines
- Facilitate appropriate progressive discipline and driver restrictions
- Update personnel files regarding driver
- Manage and update the written Fleet Safety Program
- Communicate policy changes to employees
- Establish and implement initial and routine driver safety training
- Monitor driver accident reports and lead accident investigation efforts

Written Fleet Safety Policy

Your organization should have a written Fleet Safety Policy that is in place and reviewed with employees at the time of hire and periodically thereafter. Employees should be required to sign and date a document to confirm that they read, understand, and agree to comply with the company policy. Anytime there are changes to the company policy, a new signature should be required. Copies of this signed document should be kept in the employee's personnel file.

The written policy should outline the minimum expectations of each employee while operating a vehicle on company time. The expectations outlined in the policy statement must be equally applied to all drivers



operating their personally owned vehicles on company business. The policy statement should address the following areas at a minimum:

Driver Qualification

Drivers of personally owned/leased vehicles should be “qualified” as if they were operating company-owned vehicles. The driver should have a valid driver’s license from their 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 the company’s established criteria to assess company driving eligibility. Employees that do not meet company’s criteria should not be allowed to operate vehicles for the purpose of conducting company business. Drivers should be required to notify the company immediately if their driving privileges have been suspended or revoked and discontinue driving activities while on company time.

Driving Policies

It should be clearly stated that employees operating vehicles on company business are required to comply with all applicable laws and 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 prohibited. Although hands-free devices may be allowed in various jurisdictions, it is a recommended best practice to prohibit their use. Additionally, a drug and alcohol prohibition policy should be in place that includes pre-employment, post-accident, random and reasonable suspicion testing. Employees should be required to agree to inform their physician that driving is part of their job if medications are prescribed—this may enable the physician to choose medications that will not cause drowsiness or other impairments.

Supervision

A company should 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 or leased vehicles should be made available to employees operating their personal vehicles on company business. Even experienced drivers can benefit from refresher driver training sessions, especially in defensive driving.

Maintenance

A company 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 personally owned or leased vehicles on company business that are involved in an accident should be required to report the accident to management immediately. Details of the accident should be recorded by the company in case the company is involved in future litigation. A standardized company vehicle Accident Report Form should be completed by the employee when reporting any vehicle accidents and submitted to the Fleet Safety Manager.



The information, suggestions and recommendations contained herein are for general informational purposes only. This information has been compiled from sources believed to be reliable. Risk Consulting Services do not address every possible loss potential, law, rule, regulation, practice or procedure. No warranty, guarantee, or representation, either expressed or implied, is made as to the correctness or sufficiency of any such service. Reliance upon, or compliance with, any recommendation in no way guarantees any result, including without limitation the fulfillment of your obligations under your insurance policy or as may otherwise be required by any laws, rules or regulations. No responsibility is assumed for the discovery and/or elimination of any hazards that could cause accidents, injury or damage. The information contained herein should not be construed as financial, accounting, tax or legal advice and does not create an attorney-client relationship.

American International Group, Inc. (AIG) is a leading global insurance organization. AIG member companies provide a wide range of property casualty insurance, life insurance, retirement solutions and other financial services to customers in more than 70 countries and jurisdictions. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange.

Additional information about AIG can be found at www.aig.com | YouTube: www.youtube.com/aig | Twitter: [@AIGinsurance](https://twitter.com/AIGinsurance) www.twitter.com/AIGinsurance | LinkedIn: www.linkedin.com/company/aig. These references with additional information about AIG have been provided as a convenience, and the information contained on such websites is not incorporated by reference herein.

AIG is the marketing name for the worldwide property-casualty, life and retirement and general insurance operations of American International Group, Inc. For additional information, please visit our website at www.aig.com. All products and services are written or provided by subsidiaries or affiliates of American International Group, Inc. Products or services may not be available in all countries and jurisdictions, and coverage is subject to underwriting requirements and actual policy language. Non-insurance products and services may be provided by independent third parties. Certain property-casualty coverages may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds, and insureds are therefore not protected by such funds.

Copyright © American International Group, Inc. All rights reserved.

CRC 05/2023