

Driving Personal Cars for Business Use – A Good Idea?

There are many situations in which an employee drives his or her personal auto to perform a business-related task or activity: travel between worksites, client visits, transportation of clients, travel home from work-related events and even quick stops to pick up food for a meeting. It is important to consider the risk that your business assumes in these everyday occurrences.

Driving a personal auto in lieu of a company-owned vehicle may seem to minimize an employer's liability, but companies can be held partially liable for damages in the event of an accident, and if an insurer discovers the individual was driving for business, it may take action against the employer for subrogation purposes.

If the employee is making a work-related phone call or taking part in any business-related activity, the employer will be held accountable. When employees will be driving their own cars for work, there are several actions you can take as an employer to mitigate risk.

Purchase Hired and Non-owned Coverage

Any company that allows or requires employees to use their personal vehicles for business should either purchase hired and non-owned coverage or add it to an existing automobile policy. Hired coverage is for situations in which autos are not owned by the company or the driver, and non-owned coverage protects the company against liability when vehicles that are owned by employees are used on behalf of the company. In the event of an accident, these policies supplement the driver's personal auto policy, which is typically activated

first. For minimal yearly premiums, these policies generally protect the company only, not the car or the driver.

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Use a Company Policy to Reduce Risk

According to estimates by the National Safety Council, over one million car crashes annually are attributable to cellphone use while driving. Since distracted driving accidents can have serious implications for companies, a company policy that emphasizes the importance of driving attentively and restricts the use of mobile phones is essential to preventing employee accidents in all vehicles, both personal and company-owned. 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. As a condition to employment and thereafter at least on a yearly basis, those employees driving personal vehicles should be required to provide:

- Proof of a driver's license
- Motor vehicle safety inspection certificates

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- Copy of insurance certificates proving liability coverage at or above an established company limit including personal injury and medical limits
- Proof that the employee has declared the use of the auto for business to his or her insurer
- Exhaustive lists of all prescribed controlled medications

Further, you should reserve the right to check motor vehicle records annually or more frequently.

Enforce the Policy

After the driving policy has been instated, it should be actively communicated and enforced. Managers of employees utilizing personal vehicles should be directed to monitor the safety and maintenance of those vehicles. Employees found out of compliance with the company policy should be subject to reassignment or termination. It is every employer's responsibility to ensure its employees' safety on the job, and those that use personal vehicles on business are no exception.

Contact the insurance professionals at Gallagher Franchise Solutions for more help assessing your company's risk regarding the use of personal vehicles, or to learn more about hired and non-owned coverage.