

Commercial Operations Safety

Personal use of a Business Vehicle

Are you Putting your Business at Risk?

A real life American National Insurance Company claim brought to light the risks associated with the personal use of business vehicles. An employee of the insured brought the insured's company-owned vehicle home after work. When pulling into his driveway, the vehicle struck and killed a one-year-old child. The business faced potential exposure as the owner of the vehicle. The family of the child wanted to know whether the business acted with appropriate care in allowing this employee to operate the vehicle.

You could be responsible if you knowingly entrust the use of a company vehicle to a person who is intoxicated, incompetent, reckless, irresponsible or otherwise unqualified or incapable of safely operating the vehicle – especially if an accident occurs as a result.

What is the Personal Use Exposure to your Business?

- Injury to your employees
- Damage to the insured vehicle and its contents
- Injury to occupants of other vehicles
- Loss of use of the insured vehicle
- Injury to pedestrians
- Loss of use of the insured's property
- Injury to occupants of the insured vehicle
- Loss of income to you and your business due to employee injury or damage to your vehicles
- Damage to other vehicles
- Damage to structures and other property

Avoid or Reduce your Business Risk

You can avoid risk for your business by limiting any personal or non-business use of your vehicles. However, providing company vehicles for employees or businessowners to use either while at work or while away from work can be very beneficial to the employer as well as the employee.

If you choose to have employees drive business vehicles, act responsibly. Demonstrate reasonable care in the selection and monitoring of drivers. Set expectations regarding the use of business vehicles to minimize your overall risk.

Reduce your risk with written guidelines and training for appropriate use of business vehicles.

Consider the following ideas¹:

- Allow only approved company employees with valid driver's licenses to operate company vehicles
- Allow company-owned vehicles to be used only for the company's business purposes
- Lock company-owned vehicles and secure keys when not in use
- Prohibit towing by company-owned vehicles
- Expressly prohibit alcohol/drug use
- Expressly prohibit use of cell phones and other electronic devices unless 'hands free' and/or legally permissible
- Require approved drivers to sign a statement agreeing to abide by all company policies related to the operation and use of company-owned vehicles (vehicle use agreement)

- Set policies regarding borrowed vehicles
- Carefully select approved drivers
 - Review motor vehicle records (MVR) of all prospective drivers
 - Impose a minimum age limit for approved drivers
 - Examine the overall work habits and level of responsibility demonstrated by prospective drivers
 - Require a road test of each prospective qualified driver
- Implement a driver training program to include:
 - Seat belt use
 - Proper actions in the event of an accident or emergency
 - Defensive driver training
- Implement a drug and alcohol testing program for all approved drivers
- Implement a vehicle maintenance and inspection program to include:
 - Pre- and post-trip inspections of company-owned vehicles
 - Safety inspections of all company owned-vehicles as required by law, at a minimum
 - Defect reporting and follow-up procedures
 - Emergency repair and accident reporting procedures
 - Proper storing and parking procedures

This information does not address all issues you may face or options to consider. Apply a few or all the above practices to reduce your company's exposure to loss associated with operating motor vehicles.

¹Bendickson, Nancy. Fleet Risk Control Guideline, The American Society of Safety Engineers. Retrieved July 20, 2009 from <http://www.asse.org/practicespecialties/articles/bendickson.php>.



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