

Risk Control Bulletin

Non-Owned Automobile Exposure

RISK CONTROL



Many companies know that there are risks associated with managing a fleet of vehicles for company use. However, did you know that you may also be liable for accidents that occur in vehicles that your company doesn't own? This CNA Risk Control bulletin explains non-owned vehicle exposures and how you can protect your company from these risks.

Ask yourself the following questions:

Do any of my employees use their personal vehicle to run errands for the company?

Do my salespeople use their own vehicles for company business?

Do volunteers use their own vehicle when working for the organization?

Are any employees reimbursed to drive their vehicles to attend business meetings, visit customers, pick up supplies or parts?

If you answered yes to any of these questions, you have a non-owned automobile exposure. Businesses have a non-owned auto exposure anytime someone uses their personal vehicle on behalf of the company.

Possible cost to your company:

If an employee causes an accident in their own vehicle, the liability insurance policy on the vehicle is the first line for liability coverage. After the limits of liability on the employee's personal automobile are exhausted, the injured party may look to the company to pay damages. Your company could be put in this situation under the theories of negligence or vicarious liability.

Luckily, there are steps you can take to protect your company from non-owned automobile exposure as follows:

- If possible, don't allow employees to drive their own vehicles for company business. Require that they use company vehicles instead.
- Allow only designated employees to conduct business with personal vehicles.

- Review your employees' Motor Vehicle Record (MVR) before they start driving and again each year. (See suggested MVR criteria on page 2.)
- Require that people driving their personal vehicle for business provide proof of insurance.
- CNA suggests a minimum of \$300,000 combined single limits.
- For employees who regularly drive on company business, require that the company be named as an additional insured on their personal auto policy.
- Regularly inspect the vehicle to assure it is properly maintained and safe to operate.
- Investigate all accidents and provide training to prevent future accidents.
- Establish safety rules for drivers of non-owned vehicles.
- Provide training for non-owned vehicle drivers.
- Keep written records of everything you do to control the non-owned auto exposure.

CNA Suggested Criteria for reviewing Motor Vehicle Records (MVR)

- Do not allow anyone to drive for your company if they have received a class 'A' violation within the past 5 years.
- Drivers with three or more type 'B' violations in the past three years should not be allowed to drive.
- Drivers with two or more at-fault accidents in the past three years should not be allowed to drive for the company.
- Drivers with two 'B' violations or one at-fault accident in the past three years should be put on warning. Their MVR should be reviewed at least once every six months.

Class "A" Violations	Class "B" Violations
<ul style="list-style-type: none"> • DUI (alcohol or drugs) • Refusing to take a substance test • Open container (alcohol) • Reckless or careless driving • Hit and run • Fleeing or evading police • Racing / speed contest • Driving on suspended or revoked license • Vehicular assault 	<p>Moving violations that include:</p> <ul style="list-style-type: none"> • Speeding • Improper lane change • Failure to yield • Failure to obey traffic signal or sign • Suspended license related to moving violations • Accidents

Sources

CNA Underwriting Motor Vehicle Record Criteria.

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