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### **Driving Vehicles – Employee & Company Owned**

Many of the claims seen by insurance companies today are automobile related; therefore, your decisions on the drivers may affect your insurance. That said, we understand your concern for your valued employees and any loss that they might suffer while on business for your company. Surely, the employee would feel that they would have had no exposure if it were not for your company's requirements as the vehicle would have been safely parked somewhere.

The following are some methods of addressing the operation of company owned vehicles and any physical damage (comprehensive and collision) to your employees' vehicles while on Company business.

Any company policy with respect to a program like this should be done by a position statement to all employees and prospective employees, followed by a reiteration on deal memos/ employment documents, as required by carrier. Proof of employed drivers having a VALID Driver's License, Insurance (with minimum limits of \$100,000/\$300,000/\$50,000 or \$300,000 CSL) and an acceptable Motor Vehicle Record is imperative and should be made a condition of employment if they will be using a vehicle.

As a reminder, bodily injury and/or property damage done by the vehicle will be due from any valid and collectible insurance placed on the vehicle, as required by State statute. In the absence of collectible insurance, other parties will be looked to for coverage depending upon the circumstances. Thus, your efforts to assure coverage on the employees' vehicles are important. A copy of your employee's proof of coverage is acceptable but a confirmation from the agent is better.

When creating a reimbursement plan some consideration should be given to the circumstances out of which the claims arise as there are many levels of employment involvement. The following are some examples:

- Damage through no fault of the operator
  - Example: Hit by another vehicle; hit by an uninsured vehicle; hit and run while parked; theft or vandalism.
- Damage due to fault of the operator/employee.
- Damage due to fault of the operator/employee's gross negligence
  - Operating under the influence of drugs or alcohol
  - Violation of law – running stop lights or stop signs, speeding, etc.

After Consideration of the above you will find that your choices are:

- Do you want to cover the vehicles irrespective of fault?
- Do you want to draw the line at gross negligence?
- Do you want to cover on a "pick and choose" basis?
- Do you want the employee to cover any loss on their insurance with you reimbursing the deductible, if any?

Another exposure to consider is "loss of use". Do you wish to provide a rental vehicle for your employee if they have a covered accident or should they provide that for themselves under their policy?

Adding claims activity could cause your insurance company to examine your account upon renewal and possibly ask that drivers be monitored more closely, and some even excluded. I do not believe that any draconian measures would be taken based upon one small loss. However, if there are frequent and/or substantial losses, a re-evaluation or cancellation of the program would most likely be required by the insuring company.

Please call us if you wish to discuss this further.