

RISK TIP: MANAGE THE RISK OF EMPLOYEE-OWNED VEHICLE USE

Employees frequently use their own vehicles on company business. This usage can vary from running errands, for example going to buy office supplies, to almost constant use, for example sales personnel traveling a territory. Such usage can subject the employer to liability. So employers should take several steps to assure that both they and their employees are properly protected.

Employers should clearly communicate to their employees that they are not covered as an insured under the employer's policy when they or anyone else in the organization uses their automobile on company business. Employees should understand that their own insurance covering the vehicle stands first in line to cover any loss.

It is important to stress to employees that they should be familiar with their automobile policy coverage if they use their own vehicle in the employer's business or borrow a vehicle for such use. Coverage provided by a personal automobile policy can vary from one insurer to another, so they should be encouraged to contact their personal lines agent for advice before using the vehicle on company business.

To protect their own insurance or self-insurance program from loss, employers should require minimum levels of liability insurance and proof of insurance from the employee. They also should develop and disseminate policies for automobile usage to all affected parties to provide guidance and help eliminate potential areas of confusion.

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