

**RISK MANAGEMENT ADVISORY
OPERATION OF NON-OWNED AUTOS**

Betty is an outstanding employee, devoted to our clients. We didn't realize she was taking such a big risk when we asked her to drive one of our clients in her car. A passenger in the car Betty hit was permanently and totally disabled, and now Betty's insurance company has denied the claim, saying her policy is void because she was in the business of carrying passengers for hire. Who would think that reimbursing her for mileage would be "carrying persons for a fee"? Betty doesn't even have the money to hire a good lawyer, much less pay a large judgment. Our organization is being sued also. We didn't know we were liable for an accident caused by one of our employees using her own car. Now neither of us has insurance to protect us, or the ability to pay for a lifetime of care and treatment for the poor person who was disabled.

Have you considered the risk involved when an employee or volunteer uses his/her automobile on behalf of your organization? Both the auto owner and the organization can be held liable for injury due to the negligence of the driver. Management of non-owned auto risks involves a combination of loss control measures and insurance:

1. Make a good driving record a condition of employment. Allowing use of autos by persons with poor driving records can expose the organization and its directors to suit under the negligent hiring statute. Check driving records at least annually, and emphasize that careless operation of any auto, on or off the job, can cost them their livelihood.
2. Limit the use of non-owned autos to activities which are necessary and consistent with the organization's mission. Divide drivers into two groups: those who are expected to use their autos on behalf of the organization regularly and frequently, and those who are not expected to use their autos, or do so only occasionally.
3. Allow occasional use only with prior permission of a supervisor, who should try to avoid the activity, or request the trip be made by those who have been screened and trained for such use.
4. If an employee or volunteer is expected to use his auto on a regular or frequent basis, his job description should clearly define the scope and purpose of the use permitted, and require the following:
 - * A safety inspection of all vehicles which will be used.
 - * Annual certificate of insurance from all drivers showing liability limits of at least \$100,000/person & \$300,000/accident for bodily injury, and \$50,000 for property damage.
 - * Written guidelines defining authorized use and occupancy of owned and non-owned autos (i.e.: require seat belts be worn, when passengers are permitted, etc.).
 - * Instruction in safe operation of vehicles.
 - * Transport of clients only in owned autos which are insured for that purpose. If employees transport clients and are reimbursed for auto expenses, they could be considered in the business of carrying persons for a fee, which would void their personal auto insurance.
 - * Investigate all accidents carefully, and suspend any driver who has caused an accident from operation of any auto on behalf of the organization.
5. Make sure that the insurance purchased by the organization includes liability for non-owned autos.

This is only a summary of insurance coverages and does not constitute a policy, contract or legal evidence of insurance. For complete policy terms, conditions, limitations and exclusions refer to the policy.

Initials _____

Date _____

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EMPLOYEE USE OF PERSONAL AUTOMOBILE

All businesses must address the risks involved when employees use their personal automobiles for organization business. The risks associated with this activity can be severe, both the organization and the individual can be held liable for injury and property damage due to the negligence of the driver. Management of non-owned auto risks involves a combination of loss control measures and insurance.

Recommendations for loss control:

1. Make a good driving record a condition of employment. Allowing use of autos by persons with poor driving records can expose the organization and its directors to suit under the negligent hiring statute. Check driving records at least annually, and emphasize that careless operation of any auto, on or off the job, can cost employees their livelihood.
2. Limit the use of non-owned autos to activities which are necessary and consistent with the organization's mission. Divide drivers into two groups: those who are expected to use their autos on behalf of the organization regularly and frequently, and those who are not expected to use their autos, or do so only occasionally.
3. Allow occasional use only with prior permission of a supervisor, who should try to avoid the activity, or request the trip be made by those who have been screened and trained for such use.
4. If an employee or volunteer is expected to use his/her auto on a regular or frequent basis, his/her job description should clearly define the scope and purpose of the use permitted, and require the following:
 - A safety inspection of all vehicles which will be used.
 - Annual certificate of insurance from all drivers showing liability limits of at least \$100,000/person & \$300,000/accident for bodily injury, and \$50,000 for property damage.
 - Written guidelines defining authorized use and occupancy of owned and non-owned autos (i.e.: require seat belts be worn, when passengers are permitted, etc.).
 - Instruction in safe operation of vehicles.
 - Transport of clients only in owned autos which are insured for that purpose. If employees transport clients and are reimbursed for auto expenses, they could be considered in the business of carrying persons for a fee, which would void their personal auto insurance.
 - Investigate all accidents carefully, and suspend any driver who has caused an accident from operation of any auto on behalf of the organization.
5. Make sure that the insurance purchased by the organization includes liability for non-owned autos.

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