

# Drivers using personal vehicles on company business

## Risk Control services

from Liberty Mutual Insurance



Businesses may be held liable for the actions of their employees when personal vehicles are used on company business. A crash or incident involving an employee driving on company business may be considered the responsibility of the company.

Consider this scenario:

*A part-time mail clerk for a small records management company is asked to pick up the mail using their personal vehicle because the office manager was on vacation. While returning from the post office, the mail clerk was involved in a vehicle crash resulting in serious injury to three people. Though the mail clerk seldom drives on company business, the company was found liable and was assessed punitive damages because the mail clerk did not have the minimum required liability insurance, had multiple previous driving violations, and was talking on a mobile phone at the time of the crash.*

Most business managers, corporate safety managers, and risk managers are aware of the liability exposure presented by operating company vehicles. Unfortunately, they may not recognize how their organization can be held liable when an employee is operating his or her personal vehicle on company business.

To protect the company and control potential risk, organizations must have a plan to manage the business use of all personally-owned vehicles, similar to the plan for managing the exposure for company-owned vehicles.

All company vehicle programs should include the following:

- A management policy statement regarding the use of any vehicle used on company business, including safe operation and compliance with all laws and regulations.
- Driver qualification and selection criteria.
- Motor vehicle records (MVR) criteria policy and review procedures.
- Safe driving performance expectations.
- Safety restraint use policy.
- Prohibiting motor vehicle operation while under the influence of alcohol or drugs.
- Distraction policy that includes a wide range of distractions.
- Driver testing and training.
- Vehicle crash reporting and investigation procedures.
- Requiring that employees who operate vehicles on company business (owned and non-company owned) complete and sign a fleet safety policy acknowledgement form (an example may be found in Liberty Mutual Insurance Risk Control Reference Note, *Model safety plan: Motor fleet safety*, RC5291)

When employees use their personal vehicles for company business, the following additional safety program elements are necessary:

- Insurance coverage: Require that those employees maintain minimum levels of automobile liability insurance. Minimal limits should be determined based upon the company's own appetite for assuming liability. Employees should provide the employer with a certificate of insurance at least annually. The certificate should indicate the period of coverage as well as the individual's limits of liability. Consult your state requirements and/or your insurance provider for minimum or recommended limits in your geographic area. Maintain a copy of the certificate. A discussion of minimum insurance limits can be found in the Model Fleet Plan discussed above.
- Vehicle use agreement: All employees using personal vehicles on company business should be provided with and acknowledge receipt of the fleet safety program, with expectations for operating a non-company owned vehicle.

- Vehicle inspection: Management should regularly inspect the condition of all personally-owned vehicles used to conduct company business. Vehicles considered unsafe or poorly maintained represent a significant exposure to the organization. Employees should be advised to repair any unsafe conditions, otherwise using the vehicle for company business will be suspended.

### **Additional resources**

The following resources may be found on Liberty Mutual SafetyNet™.

*Driver distractions from in-vehicle devices*, RC 5412

*Model safety plan: Motor fleet safety*, RC 5291

*Road test/driver evaluation for passenger cars and light trucks*, RC 842

*Vehicle safety program self-evaluation*, RC 5525

*Written fleet safety program review*, RC 5753



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RC 5390 R1