



Hired & Non-Owned Vehicles

Hired vehicles are those that a company rents, leases, or borrows etc., while non-owned vehicles are the vehicles that are owned by employees and driven on the company's behalf. Employees renting cars or driving their own cars for company business create exposures to loss that are often overlooked by employers. Such exposures are easy to forget because drivers are not operating "company vehicles". However, operation of hired and non-owned vehicles can present significant exposure to a company, not only from bodily injury or property damage loss, but also potentially from reputational harm. An employer may be held liable for the actions of an employee when the actions take place under the scope of employment.

REAL-WORLD EXAMPLE:

An employee was using his personal pickup truck to drive to a mandatory training session about 50 miles away from the employer's location. The employer was paying him and reimbursing his mileage. On the way to that training session, the employee had a very serious accident striking another vehicle nearly head on. The employee was at fault for the accident leaving the employer responsible for payment of a claim of over \$2 million.

BEST PRACTICES FOR USE OF PERSONAL VEHICLES (NON-OWNED) FOR BUSINESS:

- ✓ General
 - The driver must receive pre-approval for business use of a personal vehicle.
 - No passengers, except those associated with business travel, are permitted in the car when it is being operated for business use.
 - All occupants of the vehicle must wear seat belts while it is being used in the course of business.
 - The vehicle must be operated in accordance with all applicable rules, regulations, laws and ordinances.
- ✓ Driver
 - Must have a current, valid state driver's license with a minimum of three years driving experience. Loss of license must be reported to the fleet manager/supervisor immediately.
 - The driver must know and follow the traffic laws of the states of operation including DUI/DWI laws.
 - Motor Vehicle Record will be checked upon hire and on an annual or more frequent basis and must meet the driver qualification requirements established by the company.
 - All drivers must have completed an orientation program and defensive driving class.

- At least once every 4 years, the driver must attend a defensive driving class.
- Cell phone use must be in accordance with stated company policy and the laws of the state where the motor vehicle is being operated.
- Understand and abide by the provisions of the Company Fleet Safety Program.
- ✓ Insurance
 - Driver must supply evidence of an inforce personal auto policy for the vehicle used for business. A copy of the declarations page and certificate of insurance must be provided to the employer as of the policy effective date.
 - The policy must be in the name of the employee.
 - There must **not** be a *business use exclusion* on the personal auto policy. The vehicle used by the employee for company business must be rated as "business use" on the employee's personal auto policy.
 - The personal auto policy must have minimum limits of \$100,000 per person, \$300,000 per occurrence and \$100,000 property damage. In the case of combined single limits, at least \$300,000 is required.
 - The personal auto policy must include coverage for under/uninsured motorists (UM/UIM) at the above limits.
- ✓ Accidents during business use
 - Report any accident to the employer that occurs during use of the vehicle for business purposes.
 - The driver must follow proper procedures at the scene of the accident and provide proof of insurance.
 - Any driver that is charged with an "at-fault" accident must attend an appropriate defensive driving program within 3 months of the accident.
- ✓ Vehicle
 - The vehicle must be maintained in safe condition according to the operator's manual and pass required state and/or company required inspections.
 - The vehicle must be properly licensed and titled with all required documents available.
 - The vehicle must be registered in the name of the employee.

BEST PRACTICES FOR USE OF RENTAL CARS (HIRED):

- ✓ Employees or others seeking to rent a vehicle for business use must receive prior authorization from a responsible manager.
- ✓ All employees renting a vehicle for business use must have a current and valid driver's license and an acceptable driving record as determined by the company.
- ✓ The company must establish procedures to assure proper insurance coverage for each vehicle rental. This may require proof of personal auto insurance with adequate limits by the driver, the purchase of additional insurance from the rental company, or provision of coverage by the commercial auto policy of the company. Personal auto insurance and additional rental insurance limits would be required to meet or exceed those of the companies' commercial/business auto policy.
- ✓ Follow basic safe driving practices, which include use of seatbelts by all occupants, avoidance of impaired and distracted driving and observance of local traffic laws.
- ✓ Avoid the use of cell phones while driving. Pull over to a safe location to make or receive a call or text message.

Are you looking for more information? Contact Acadia's Virtual Loss Control Team with any questions regarding the use of hired & non-owned vehicles at virtualc@acadia-ins.com or 207-874-5701.

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