

SilverStone Group  
RISK MANAGEMENT  
In-Home Care Industry

# Driving Miss Daisy

*Looked so Simple...What Happened?*

by Andrea Bell

*Does life imitate art? Or is it the other way around?*



The 1989 Oscar-winning best picture, *Driving Miss Daisy*, could well have inspired the in-home care industry and the services provided to clients worldwide. The movie's premise—allowing an elderly woman to remain independent by arranging for safe transportation—is simple, yet timely. By remaining mobile and able (with the help of her driver) to care for many of her own needs, Miss Daisy remained in her home and delayed the potential transition to an institution.

In-home care franchises and related independent businesses focus on providing just this type of service, finding caregiver and transportation services that help clients live life on their own terms. By accepting a helping hand, many aging adults can remain at home, yet be protected by a safety net of caring individuals.

### The challenge of mobility

Older adults who are no longer able to drive face a great challenge. In our mobile society, many people live long distances from shopping, healthcare facilities, the library, post office or social gathering places. Being able to travel is an important issue.

Transportation is key and a cornerstone of many caregiver organizations. It is also a major concern for insurance carriers. Transporting clients or running their errands can have consequences that may not be realized until an accident occurs. In many instances, in-home care organizations that provide transportation services do not own the vehicles used. Staff members often drive their personal vehicles or, under certain circumstances, the client's vehicle. A standard business auto liability policy will not cover this type of exposure. Because these private vehicles are driven on behalf of the business, a hired and non-owned policy should be in place to help protect the in-home care organization from liability.

### Hired and non-owned coverage

Coverage includes autos that are not owned by the business but are leased, hired, rented or borrowed on behalf of the business, and is usually added by endorsement to the general liability policy. For in-home care agencies, this policy covers partners', members' and employees' autos when utilized for business purposes. Most policies offer an auto limit of \$1 million for this exposure, although the limit can be increased through the purchase of umbrella coverage that specifically names the hired and non-owned auto liability underlying limits.

### Personal coverage

Hired and non-owned coverage acts as protection for a corporation and is secondary to the personal auto liability

policies held by employees and clients. Most personal policies do not cover driving done for business unless added by endorsement. In addition, limits are generally much lower for personal policies than those available through a commercial policy (e.g., \$100,000 per occurrence/\$300,000 aggregate for personal versus \$1 million aggregate for commercial).

For this reason, business owners whose employees use personal cars for business reasons must be certain that their employees are correctly insured. It's important to maintain records of the employees' personal auto liability policies, with adequate documentation to show that the personal insurer is aware that the vehicle is used for business. Some business owners go so far as to require that employees carry higher limits of liability than are customary for personal vehicles, in order to protect the business in event of incident.

Being correctly insured should be a priority for in-home care agencies due to the potential exposure when transporting clients in a personally-owned vehicle. It helps to establish formal guidelines regarding the use and coverage of employee vehicles. Caregivers and clients need to be aware that the personal auto policy will be the first to respond to a liability claim. Liability always follows the car that is being driven. Only after the personal auto liability limits are exhausted does the hired and non-owned auto coverage respond. The following examples show what would happen if Miss Daisy were to become a client of an in-home care agency:

- An agency employee uses Miss Daisy's car to take her to the doctor. If an accident with a third-party vehicle were to occur, Miss Daisy's personal auto policy would be the first to respond to the claim. Once those limits were exhausted, the agency's hired and non-owned policy would respond.
- Using the same example, if the agency employee were driving his or her own vehicle, the employee's personal auto policy would be the first to respond, followed by the agency's hired and non-owned policy.
- If there were no personal auto in place for either of these examples, then the agency's hired and non-owned policy would be the first to respond to a third-party claim.

In order to help older adults live a more normal life, transportation services have become a pivotal part of the services provided to the clientele of in-home care agencies. But who knew that driving Miss Daisy could be so complicated?