

Non-owned vehicle controls

	EXAMPLES	MOTOR VEHICLE RECORD (MVR)	NON-OWNED VEHICLE CONTROLS (PERSONS DRIVING THEIR OWN VEHICLES)
PROFESSIONAL DRIVERS Persons who drive as their main responsibility or any person transporting passengers.	Truck drivers Deliver drivers Chauffeurs Snow plow operators Any employee or volunteer who transports passengers: – Coaches – Social Services – Van pool drivers Transportation of hazardous materials	Pre-employment Annually	Certificates of insurance Insurance limits of at least \$100K/\$300K/\$50K Organization listed as an additional insured Annual vehicle inspection Monthly inspection/maintenance reports Safe driving rules/policies Frequent defensive driving training
NON-PROFESSIONAL FREQUENT DRIVERS Persons whose main responsibility is not driving, but drive frequently to carry out their main function.	Sales Customer Service Tradespersons Home healthcare Maintenance personnel Employees assigned a vehicle Family members allowed to drive a company vehicle	Pre-employment Annually	Certificates of insurance Insurance limits of at least \$100K/\$300K/\$50K Organization listed as an additional insured Annual vehicle inspection Monthly inspection/maintenance reports Safe driving rules/policies Periodic defensive driving training
OCCASIONAL DRIVERS Persons who drive less than once a month.	Any employee or volunteer	Pre-employment Annually	Certificates of insurance Insurance limits of at least \$100K/\$300K/\$50K Safe driving rules/policies
INFREQUENT DRIVERS Persons who are generally not expected to drive.	Any employee or volunteer Staff attending off-site seminars and conferences	Verify valid driver's license in possession	Verify insurance on vehicle Safe driving rules/policies

THIS IS AN EXAMPLE. YOU SHOULD CUSTOMIZE CONTROLS TO MEET YOUR ORGANIZATION'S NEEDS AND EXPOSURES.

Introduction

Vehicle operations create substantial risk to any organization. This risk occurs when staff are driving the organization's vehicles, as well as vehicles the organization does not own, such as staff's personal vehicles or rental cars. Many organizations have controls in place to reduce accidents among their own fleet of vehicles, but do not apply these same controls to non-owned vehicles. They may feel they are not responsible for accidents occurring in vehicles they do not own or that the insurance policy on the non-owned vehicle will cover accident costs.

In reality, organizations regularly pay out substantial sums of money and find themselves involved in lawsuits related to accidents occurring while staff are driving vehicles they do not own. Reasons for this include:

- Under the legal doctrine of *respondeat superior*, which simply means "let the master answer," a company can be found responsible for the negligent actions of their employees performed within the scope of their employment. This applies to staff driving within the scope of their employment, no matter who owns the vehicle they are driving
- Several states do not require auto liability insurance. In states that require coverage, there are still a large number of drivers who do not have insurance
- State minimum limits for personal auto policies range from \$10,000 to \$50,000, which is inadequate for covering most serious accidents

Organizations need to identify non-owned vehicle exposures and ensure adequate controls are in place.

Non-owned vehicle controls

Many organizations have controls in place to reduce accidents among their own fleet of vehicles, but do not apply these same controls to non-owned vehicles.

Identifying and classifying non-owned vehicle drivers

Organizations are not always aware of the full extent of their non-owned vehicle exposures, so they need to survey managers to identify who is driving and the frequency of that driving. While individuals who drive frequently are obvious, make sure to include these often forgotten about drivers:

- Part-time and temporary employees, as well as interns
- Volunteers, coaches, board members and elected officials
- Employees who run errands: post office runs, part pick-up, picking up customers at the airport
- Individuals attending seminars and conferences
- Individuals who rent cars on business trips

Once identified, drivers should be grouped by the level of exposure they present to the organization so appropriate controls can be implemented. The table on the previous page classifies drivers into four groups, with examples of drivers who fit into each category. It also contains suggested controls for each classification.

Licensing and motor vehicle records

Procedures should be in place to ensure drivers have a valid driver's license and an acceptable driving record. There is a strong correlation between past driving violations and accidents and future accidents. MVR policies should include:

- When MVRs should be obtained
- What is an acceptable MVR?
- What should be done when an MVR is not acceptable?

Typically, a driver's record is examined for the past three years. Often, companies look back five years for major violations.

Examples of major violations:

- Leaving the scene of an accident
- Driving under the influence of drugs or alcohol
- Racing or excessive speed (>20 MPH over speed limit)
- Reckless, negligent or careless driving
- Felony, homicide or manslaughter involving the use of a motor vehicle
- License suspension or revocation resulting from accidents or moving violations
- Following too closely or tailgating
- Erratic lane-changing
- Attempting to elude a police officer

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The grid below is an example of a tool that can be used to evaluate driving records.

Number of Violations	NUMBER OF PREVENTABLE ACCIDENTS			
	0	1	2	3+
0	CLEAR	ACCEPTABLE	BORDERLINE	POOR
1	ACCEPTABLE	ACCEPTABLE	BORDERLINE	POOR
2	ACCEPTABLE	BORDERLINE	POOR	POOR
3+	POOR	POOR	POOR	POOR
ANY MAJOR (Past 5 years)	POOR	POOR	POOR	POOR

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Risk transfer

Organizations can transfer many of the costs of an accident back to the vehicle operator's insurance company, provided insurance is in place.

Organizations should require that staff operating personal vehicles provide proof of insurance for liability in the form of a current certificate of insurance. A system should be in place to ensure new certificates are obtained at renewal.

Generally, limits of \$100/300/50K are a suggested minimum. Consult with your insurance agent regarding limits appropriate for your organization.

For additional protection, the organization should be listed as an additional insured on the non-owned vehicle liability policy.

Many personal lines policies exclude "business use" of the vehicle. Organizations should ensure this exclusion is not part of the individuals' coverage.

Most individuals are reimbursed for the use of his or her vehicle in the course of organizational business. This may be a monthly allowance or a specific rate per mile. In either case, a portion of the allowance/rate is typically for insurance. Therefore, a company should ensure they are getting what they paid for by obtaining proof of insurance with adequate limits.

Driver training

Most drivers receive their driver's license between the ages of 16 and 18, and thereafter have had little, if any, refresher training in safe driving. Drivers develop bad habits after years of driving, such as speeding, tailgating, failing to yield and driving while distracted, to name a few. All drivers who drive frequently should receive periodic safe driving training prior to driving on organizational business and at least annually thereafter.

Non-owned vehicle controls

Some common topics include:

- Safe following distance
- Speed and space management
- Yielding the right-of-way
- Intersections
- Lane changes and passing
- Effects of alcohol, drugs and fatigue on driving
- Distracted and inattentive driving

There are a wide variety of training resources available, including videos/DVDs, interactive self-study computer programs, seminars and written training bulletins. Most organizations use a combination of these formats. All training should be documented.

Safe driving rules and policies

All staff driving on organization business should be required to abide by specific driving rules, individuals driving their own vehicles or rental cars are no exception. Organizations should receive a signed acknowledgment from the driver that he or she will abide by the rules. The following is a sample of rules to be considered:

- Auto liability insurance must be maintained on your car at all times with limits of _____
- Only staff who have been preauthorized to operate vehicles for the organization are authorized to drive for organization purposes
- Drivers are responsible for timely and routine maintenance in accordance with the vehicles maintenance guide
- All drivers are required to abide by all federal, state and local motor vehicle regulations, laws and ordinances
- All fines, defense costs and other legal penalties arising out of ticketed offenses are the responsibility of the driver
- A driver may not operate a vehicle at any time when his/her ability is impaired, affected, or influenced by alcohol, illegal drugs, medication, illness, fatigue or injury
- No driver may have or permit possession of alcohol or illegal drugs in a vehicle being used for business purposes
- The driver and all occupants are required to wear safety belts when operating or riding in a vehicle. The driver is responsible to ensure all passengers are wearing their safety belts at all times
- Only authorized/approved passengers (i.e., those with a defined business relationship) are permitted in the vehicles during the course of business use
- Drivers shall not pick up hitchhikers
- Drivers shall not use any radar detector, laser detector or similar devices
- Drivers shall not use cell phones while driving
- Drivers are required to notify their supervisor of any tickets, accidents or other violations they have received while driving
- Drivers are required to notify their supervisor if their license is suspended or revoked

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Vehicle inspections and maintenance

A system should be in place to ensure staff-owned vehicles used on organization business are in good repair. Poorly maintained vehicles; bald tires, lights out, etc., can cause an accident. Best practices include:

- Organization inspects staff vehicles at least annually or requires inspection by an outside service
- Require staff to inspect their own vehicles more frequently, with inspection reports required
- For large trucks, require maintenance records to be turned in on a periodic basis

The form that begins on the next page is a sample auto inspection report

Note: The term “non-owned” as used in this document refers to vehicles not owned by the organization. It is not meant to refer to the insurance term by the same name which has a different definition as defined in auto insurance policies.

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Light vehicle inspection form

Operator	Location		Dept.
Year and make of vehicle	Inspection date	Odometer	Was vehicle driven during safety check <input type="checkbox"/> Yes <input type="checkbox"/> No
Drivers license #	State	Expiration date	Restrictions

	Satisfactory	Problem	Corrected
Seat belts (accessible/condition)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lights: headlights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Turn signals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brake lights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flashers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Instrument panel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Glass: windshield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mirrors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Heater/Defroster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Windshield wipers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Steering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Horn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brakes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking brake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Muffler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tires	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Non-owned vehicle controls

Oil change (odometer reading last change _____)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transmission and differential (odometer reading last check _____)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Condition of vehicle (Note items reducing resale value)

Other items - requirements of driver's manual/driver comments

Safety checked: _____ by _____
 Date Signature

Corrections made: _____ by _____
 Date Signature

For more information, log in to the Risk Control Customer Portal at travelers.com/riskcontrol. (Need help? Read our [Registration Quick Guide](#).) You also can contact your Risk Control consultant or email Ask-Risk-Control@travelers.com.



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