PROTECT YOUR PEST CONTROL BUSINESS

FROM NON-OWNED VEHICLE EXPOSURES

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Non-owned vehicle exposures occur when your operators use their personal vehicles on company business or a subcontractor with a very close business relationship does business on your company's behalf. These exposures are becoming more common as many organizations decide to reduce the size of their vehicle fleets. In most cases they provide either mileage reimbursement or a vehicle allowance to compensate for the costs associated with operating the vehicle.

Many employees believe that when they drive their personal vehicles on company business they will be covered by their employer's insurance policy. However, as a general rule the employee's auto policy provides primary coverage in these instances and the employer's coverage provides only excess coverage (depending on the policy and circumstances). Also, the employer's insurance would not cover costs relating to physical damage to the employee's vehicle. You should be sure that your employees are aware of both of these facts before allowing them to use their personal vehicles on company business.

Employers need to make sure that their operators carry liability insurance on their personal vehicles. Otherwise, the employer will be fully exposed if a crash occurs. Even when they have auto coverage on their personal vehicles, you should be aware that some states have very low statutory insurance requirements. (A number of states require less than $25,000 in coverage). In the event of any significant crash, these liability limits are insufficient and demands for additional coverage will almost certainly draw on the company's auto liability insurance. Having multiple insurance carriers involved can complicate the issues of defense and transfer of information. Additionally, some employees may not realize that they need to notify their employer whenever they are involved in a vehicle crash while on company business. Plaintiff attorneys look for deep pockets and an employee may be looking to protect their job situation.

The issue can be magnified when unvetted drivers or drivers with a poor driving record operate their own vehicles on company business and are involved in a collision. The occupants of the other vehicle may argue that the company should have known about the issues with this driver and should have taken steps to prevent their driving a vehicle on the company's behalf. Sometimes this strategy can result in large punitive awards against the company.

To protect against this risk, a company should have some way of assuring itself that drivers meet an established minimum acceptable criteria for risk. Some companies run motor vehicle records annually on all non-owned vehicle operators who routinely use their vehicle for company business. An alternate strategy would be to require such drivers to annually certify the acceptability of their driving record (in accordance with the established criteria) and commit to notifying their supervisor promptly if they no longer meet the minimum established criteria.

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