Resort to Safety

February 2013

Business use of personal vehicles

It’s not unusual for employees to use personal vehicles to run errands or attend meetings in the course of a typical business day. These activities may seem routine until an accident happens. When a serious loss occurs, you will see your company signiﬁcant time and expense if the driver has been properly screened.

Think about this real-life scenario: a company sent one of their employees on a business-related errand. As the employee was backing out of his parking space, he struck and killed a child. An investigation into his driving record showed that this employee had a suspended license and was uninsured. The company now faced a costly liability lawsuit since the employee was driving during the course of business.

If your company neglects to conduct a reasonable driving history review before authorizing an employee to drive on its behalf, and negative information is uncovered during an accident investigation, your organization could face an expensive claim. Implementing the following principles into your current employment practices policy may help reduce the potential for liability claims that could harm both your proﬁtability and your company’s reputation.

Establish a policy for authorized drivers

Reduce your exposure by limiting the number of employees who drive on behalf of your organization. To further minimize your risk, consider establishing a driver authorization policy that clearly identiﬁes and deﬁnes those employees who can, or need to, use their personal vehicles for business purposes. The policy should also include:

- Standard driver requirements
- Motor vehicle records screening process
- Violation evaluation criteria
- Motor vehicle record request authorization
- Proof of insurance requirement

Standard driver requirements

Many companies implement standard motor vehicle safety criteria for authorized drivers. It is important for most companies to limit authorization to employees who have possessed a valid driver’s license for three or more years, are at least 21 years old, and can provide annual proof of adequate auto liability coverage for their vehicle.

In addition, employees should be required to maintain their vehicles in reasonably good condition and all safety items (glass, mirrors, brakes, etc.) should be present and in good condition. It goes without saying that both drivers and passengers must agree to wear personal restraints while using the vehicle to conduct business activities.

Motor vehicle records screening process

As a general rule, drivers with a history of accidents and violations are more likely to be involved in future accidents than drivers with clean driving records. If employees will be driving on behalf of your business, you have a right to know that they are safe and qualiﬁed. Motor Vehicle Records (MVRs) can provide valuable data.

From a motor vehicle record, it is possible to determine whether or not the employee has a current and valid operators’ license. You can also verify that the state that issued the drivers license is the same as the drivers state of residence. More importantly, the MVR provides documented evidence of a drivers habits, attitudes, and capabilities and will identify any violations on the drivers record for a speciﬁc period of time. Driving records can be obtained from the state of license (e.g., Department of Motor Vehicles) or a third party MVR provider.

Motor vehicle reports should be reviewed annually for each authorized driver, or obtained as a condition for employment if job duties require use of a personal vehicle for business use. Businesses may also wish to request an MVR following an accident for or employees with marginal driving records.

Violation evaluation criteria

It is up to each business to determine a scoring system that will objectively determine eligibility criteria for an employee to drive on behalf of the company. Below are standard categories of violations. Minor violations are typically acceptable as long as they are not habitual. Major violations generally disqualify that employee from driving on behalf of the company.

<table>
<thead>
<tr>
<th>Minor violations</th>
<th>Major violations</th>
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<tbody>
<tr>
<td>4 minor violations — unsatisfactory</td>
<td>Falsifying an accident report</td>
</tr>
<tr>
<td>3 minor violations — poor*</td>
<td>Vehicular homicide or assault</td>
</tr>
<tr>
<td>2 minor violations — borderline</td>
<td>Attempt to elude an ofﬁcer</td>
</tr>
<tr>
<td>1 to 3 minor violations — clear</td>
<td>Operating a motor vehicle without permission of the owner</td>
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Motor vehicle record request authorization

Once a driver authorization policy is established, your company is ready to formally request a copy of an employee’s motor vehicle record. This requires the employee’s written permission.

Motor vehicle records are sensitive documents and should be treated in a secure manner. Documents such as release forms, MVRs, insurance records, and all written communication with employees regarding their qualiﬁcations to drive on behalf of the company should be maintained in the employee’s personal ﬁle. Access to this information should be limited to only those individuals who have a legitimate business or legal purpose for reviewing these records. They should never be shared with other co-workers or the general public.

Proof of insurance

Verifying the motor vehicle report is not the only step needed to protect your company. Businesses also need to verify that the employee has purchased auto liability insurance with limits that adequately protect both the driver and the company. As a rule, insurance follows the vehicle. So, if your employee is involved in an accident while operating their vehicle — regardless if the trip is work-related or not — their personal auto insurance should be the primary insurance triggered.

Sending an request employees onto the streets to conduct business in a problem that can be minimized with simple steps like screening driving records and verifying insurance. Implementing some, or all, of these recommendations may help protect your organization from unnecessary ﬁnancial loss and reputational damage.

For more information, contact Helen Richards, 800-528-7730 • helen.richards@wellsfargo.com

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