



LOSS CONTROL ALERT

Managing Personal Use of Company Vehicles

The number of serious accidents when a company vehicle is used for personal use continues to increase. Some of these accidents have resulted in significant property damage and life changing injuries as well as fatalities. The reasons for companies permitting the use of their vehicle for personal use include transporting household materials, vacations, car pooling of dependants and hauling equipment. Circumstances involving these accidents include intoxicated drivers, reckless or distracted driving patterns, unskilled drivers and vehicle misuse.

The cost of these accidents is substantial especially when you add all of the uninsured costs to the amounts paid by insurance. Examples of uninsured costs include management and staff time resulting from each accident, loss of revenue because the vehicle is out of commission and loss of customers that may result from delayed services or deliveries.

Allowing workers to use company vehicles for their own personal needs can promote good worker morale and help to maintain a positive work environment. However, this practice, if not properly managed, can be very costly.

The purpose of this Alert is to provide our policyholders with guidelines to determine if the personal use of company vehicles should be permitted and to offer suggestions to better manage personal use of company vehicles when authorized by your firm.

SHOULD I ALLOW EMPLOYEES TO USE MY MOTOR VEHICLES DURING NON-WORKING HOURS?

There is no easy answer to this question. From a pure risk avoidance perspective, the best policy that can be adopted is to prohibit personal use of company vehicles. However, each manager or business owner needs to make a decision based on his or her own operations, workers, and vehicles. From a management perspective, the personal use of company vehicles increases the potential for an accident because:

- The more a vehicle is used, the greater potential there is for an accident.
- Limited management controls exist when vehicles are used for personal reasons. Generally, unless you or your supervisors are personally observing the use of your equipment, there is no way to assure it is being operated the way you want it to be.

In making a decision to allow personal use of company vehicles consider these points:

- ✓ Are you willing to incur higher insurance premiums and surcharges resulting from vehicle accidents during personal use?
- ✓ Can you afford the loss of work or customers resulting from damaged vehicles, equipment or injured workers?
- ✓ Can you afford the overtime that may be needed to make up a loss in work resulting from a vehicle accident?
- ✓ Will your business reputation suffer when you arrive at your customers with damaged vehicles?
- ✓ Are there other business considerations, including tax implications, and have they been adequately considered?

HOW CAN I BEST MANAGE PERSONAL USE OF COMPANY VEHICLES?

If, after considering the above items, you decide to allow workers to use your vehicles for personal reasons, Everest Loss Control recommends that you establish operating rules regarding the personal use of your vehicles. The following list can be used to help you define your own operating rules:

1. Restrict personal use to designated workers that:
 - Are current drivers for your company and are 21 or older and
 - Demonstrate good work habits and are trustworthy and
 - Demonstrate safe driving behavior.
2. Verify that the requesting employee has a valid driver's license and acceptable motor vehicle record. Verify that the employee can safely operate the requested vehicle.
3. Require that your employee will be the only permitted vehicle operator. Prohibit the worker's family or friends from operating the vehicle.

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4. Prohibit the operation of company vehicles by workers who are intoxicated or under the influence of drugs or any other substance that impairs driving performance. Vehicle accidents involving alcohol or drug impaired drivers should not be tolerated and the employment of these workers should be subject to immediate termination.
5. Prohibiting the use of cell phones and other devices and activities that can be driver distractions
6. Establish rules regarding permitted usage of your vehicles. For example, your rules should address:
 - The types of vehicles available for personal use
 - Towing of trailers, boats or campers
 - Overloading vehicles or transporting more passengers than available safety belts
 - Transporting illegal substances or hazardous materials
 - Prohibiting rides to hitchhikers
 - Prohibiting vehicle loan or hire to others, any livery operations or use to generate income
 - Travel to and use in any foreign country (i.e. Mexico and Canada)
 - Attaching equipment such as trailers, plows, winches, or luggage carriers
 - Using the vehicle for transportation during personal vacation
 - Using the vehicle for any other purpose not approved by the company
7. Require drivers to sign a statement that lists the restricted uses of your vehicle and acknowledges the worker understands and agrees to follow company policy. Include a statement that failure to abide by your policies may result in disciplinary action, up to and including termination of employment. Retain this statement on file. The attached model personal use permission form may be modified to meet your specific business needs.
8. Require that vehicles be returned in the same condition (appearance and fuel) when loaned to workers.
9. Make sure workers know what to do in the event of an accident and that vehicles have accident reporting kits and cameras.
10. Periodically inspect all vehicles and investigate the cause of any unreported damage.

Managing and controlling the safe use of your vehicles is your responsibility. Accidents are costly. It is important to take positive accident prevention efforts to prevent accidents arising from all aspect of your vehicle operations.

Remember, Everest Loss Control offers services to help you in your loss prevention efforts. If you would like more information about these services, visit our web site at www.everestnational.com.

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Model Personal Use Policy

It is the policy of _____ (name of company) to permit personal use of company vehicles under the following conditions:

1. Only employees of this company that meet the following criteria will be eligible to receive a company vehicle for personal use upon request:
 - Must be a current company driver
 - Must be at least 21 years of age
 - Must demonstrate safe driving behavior
 - Must have company experience in operating the requested vehicle
 - Must have an acceptable driving history as determined by management
 - Must demonstrate good work habits as determined by management
2. The personal use of company vehicles by employees requires written approval by management. No vehicle is to be used unless approved by management.
3. The employee requesting the company vehicle is the only permitted driver. No other persons are permitted to drive company vehicles at anytime.
4. The use of cell phones and other driver distraction devices and activities is prohibited while driving
5. At no time is a company vehicle to be operated if the driver:
 - Consumed any alcoholic beverages or
 - Consumed any prescription, over the counter or illegal drug or substance that may impair driving performance or
 - Is intoxicated or under the influence of any prescription, over the counter or illegal drug or substance
6. Company vehicles are not permitted for any of the following uses:
 - Towing of trailers, boats or campers
 - Overloading vehicles or transporting more passengers than available safety belts
 - Transportation of prohibited substances or hazardous materials
 - Giving rides to hitchhikers
 - For loan or hire to others, any livery operations or used to generate income
 - Travel to and use in any foreign country (i.e. Mexico and Canada)
 - Attaching equipment such as plows, winches, or luggage carriers
 - Using the vehicle for any other purpose not approved by the company
7. Authorized drivers must report all accidents, fines, violations, or driving infractions that occur while company vehicles are being used for personal reasons.
8. All requests for personal use of company vehicle must be received at least 1 week prior to the requested date of use.
9. All requests must be in writing, using the Request for Permission to Use Company Vehicle for Personal Use form.
10. Management is to be notified by the authorized employee upon return from any extended personal use (more than 2 days) of company vehicle.
11. All vehicles must be returned notified by the date specified on the Request for Permission to Use Company Vehicle for Personal Use in the same condition or better than when received. If the designated return date is a workday, the vehicle must be returned prior to the start of the workday.
12. Any employee violating this policy is subject to disciplinary action up to and including termination of employment.

President / Owner

Date

Request for Permission to Use Company Vehicle for Personal Use

Vehicle Identification:

(Year, make model, license #)

Authorized Driver:

Date of Use:

Return Date:

Department: _____ Manager: _____

Planned use of vehicle:

I certify – Yes or No (Circle one) that I currently have a personal Auto Liability policy in effect as of _____ (date) with

(Insurance Co. name), policy number _____.

The use of the above company vehicle is permitted subject to the following conditions:

1. Only the authorized driver listed above is permitted to operate this vehicle. No other persons are permitted to operate this vehicle.
2. At no time is this vehicle to be operated if the driver:
 - Consumed any amount of an alcoholic beverage or
 - Consumed any prescription, over the counter or illegal drug or substance that may impair driving performance or
 - Is intoxicated or under the influence of any prescription, over the counter or illegal drug or substance
3. **The following uses are strictly prohibited for all vehicles:**
 - Towing of trailers, boats or campers
 - Overloading vehicles or transporting more passengers than available safety belts
 - Transportation of prohibited substances or hazardous materials
 - Giving rides to hitchhikers
 - For loan or hire to others, any livery operations or used to generate income
 - Travel to and use in any foreign country (i.e. Mexico and Canada)
 - Attaching equipment such as plows, winches, or luggage carriers
 - Using the vehicle for any other purpose not approved by the company
4. **The authorized driver listed above also agrees to the following:**
 - To safely operate this vehicle and obey all traffic laws, wear safety belt, only use hands-free device w/ cell phone and require all other passengers to wear safety belts.
 - To immediately report to my employer all driving infractions, violations, fines or accidents that may occur while this vehicle is under my control.
 - To avoid the use of cell phones and other driver distracting devices or activities
 - To return the vehicle and notify management on or before the stated Return Date in the same condition as I received it.

I am the employee requesting the use of the above vehicle. I have read the above rules and agree to them. I understand that failure to follow any rule is subject to disciplinary action up to and including termination of employment.

Authorized Driver Printed Name

Authorized Driver Signature

Date

As a member of management for this company, I have reviewed this request and grant permission to use the vehicle for the stated purpose. I have also reviewed the age, driving record, qualifications to operate the requested vehicle and license of the authorized driver and find that the employee meets all company requirements for the personal use of this vehicle.

Management Signature

Date