

## Non-Owned Vehicle Controls (USA and Canada)

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Vehicle operations can create substantial risks for any organization. These risks occur when employees drive an organization's vehicle, as well as vehicles the organization does not own, such as rentals or an employee's personal vehicle, while conducting the organization's business.

Many organizations have controls in place to reduce accidents among their own fleet of vehicles, but they often do not apply these same controls to non-owned vehicles. They may not realize that they may be responsible for accidents that occur in vehicles they do not own.

The truth is, vehicle operations, regardless of who owns the vehicle, can become a significant exposure for your organization. Organizations regularly pay out substantial sums of money, and find themselves involved in lawsuits related to accidents that occur while employees drive vehicles the organization does not own. Why?

- Organizations can be found responsible for the negligent actions of its employees while driving, no matter who owns the vehicle.
- Minimum insurance limit requirements in some jurisdictions are not adequate to cover serious accidents, and a few jurisdictions do not have any insurance requirements.
- Even where insurance is required, some drivers may, intentionally or unintentionally, drive without it.

### Controlling Non-owned Vehicle Exposures

Following are steps your organization can take to help identify and control non-owned vehicle exposures:

- **Identify and classify non-owned vehicle drivers** – Identify who is driving for your organization and how often. Make sure to include these often-forgotten drivers:
  - > Part-time and temporary employees, as well as interns.
  - > Volunteers, coaches, board members and elected officials.
  - > Employees who run errands, pick-up and deliver parts, or who pick up customers at the airport.
  - > Employees attending seminars and conferences.
  - > Employees who rent cars during business trips.

Once identified, drivers should be grouped by the level of exposure they present so appropriate controls can be implemented.

- **Monitor driver licensing and Motor Vehicle Records (MVR)** – Allowing unlicensed employees or employees with poor driving records to operate vehicles for your organization can increase your liability exposure. Therefore, it is important to have procedures to ensure that all drivers have a valid driver's license and an acceptable driving record.

Drivers with records showing moving violations and/or preventable accidents or any major/serious violations (e.g. driving while impaired, reckless/careless driving, driving with a suspended license, etc.) should be vetted to determine if their driving records warrant prohibiting them from driving on your organization's behalf. (See **Sample MVR Evaluation Tool** below).

Have an MVR policy in place that outlines how often MVRs are reviewed, your organization's standards for moving violations and accidents, and what actions may be taken if a driver's record is not acceptable. Review MVRs at least annually.

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### Sample MVR Evaluation Tool

Moving Violations (Past 3 years)	PREVENTABLE ACCIDENTS (Past 3 years)			
	0	1	2	3+
0	CLEAR	ACCEPTABLE	BORDERLINE	POOR
1	ACCEPTABLE	ACCEPTABLE	BORDERLINE	POOR
2	ACCEPTABLE	BORDERLINE	POOR	POOR
3	BORDERLINE	POOR	POOR	POOR
4+	POOR	POOR	POOR	POOR
ANY MAJOR Violations (Past 5 years)	POOR	POOR	POOR	POOR

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

- **Safe driving rules and policies** – Have formal safe driving rules for anyone driving on your organization's behalf. Drivers should sign an acknowledgement that they understand and will abide by these rules. Rules to consider include, but should not be limited to:
  - > Allow only authorized personnel to operate non-owned vehicles on behalf of your organization.
  - > Require drivers to abide by company vehicle safety rules as well as motor vehicle regulations, laws and ordinances.
  - > Require drivers to be safely parked before using mobile devices.
  - > Prohibit the possession or use of alcohol or drugs while operating the vehicle for business purposes. Prohibit drivers from operating vehicles when their ability is impaired; affected; or influenced by alcohol, drugs, medication, illness, fatigue or injury.
  - > Require drivers and all occupants to wear seat belts when operating or riding in the vehicle.
  - > Allow only authorized/approved passengers (i.e., those with a defined business relationship) during the course of business use.
  - > Prohibit the use of radar detectors, laser detectors or similar devices.
  - > Require drivers to promptly notify their supervisors of any moving violations or accidents that occur while using a company vehicle, or a rented/personal vehicle in the course of company business.

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- > Require drivers to notify their supervisor if they have a medical condition that would impact their ability to safely operate a vehicle. This may include current medical issues where the licensing authority has placed a restriction on their drivers licence or where a person is taking medication that would impair their ability to safely operate a vehicle.
- **Driver training** – All drivers should receive periodic safe driving training prior to driving on your organization’s behalf, and at least annually thereafter. All training should be documented. Good training topics include:
  - > Speed and space management
  - > Distracted and inattentive driving
  - > Intersections and yielding the right-of-way
  - > Effects of alcohol, drugs and fatigue on driving
- **Vehicle inspection and maintenance** – Poorly maintained vehicles can cause accidents. Establish a system to ensure non-owned vehicles used for organization business are in safe operating condition. Require non-owned vehicles to be inspected and maintained in accordance with manufacturer’s guidelines. For large trucks, require inspection, repair and maintenance records to be submitted.
- **Risk transfer** – Establish minimum auto liability insurance requirements. Require non-owned vehicle drivers to provide proof of liability insurance in the form of a current certificate of insurance. A system should be in place to ensure new certificates are obtained at policy renewal. Consult with your insurance agent regarding limits appropriate for your organization.

The following table represents a sample non-owned vehicle controls guide that classifies drivers according to the level of exposure they present. It summarizes non-owned vehicle controls appropriate for each group of drivers.

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### Sample Non-Owned Vehicle Controls Guide

	EXAMPLES	MOTOR VEHICLE RECORD (MVR)	NON-OWNED VEHICLE CONTROLS (PERSONS DRIVING THEIR OWN VEHICLES)
<b>PROFESSIONAL DRIVERS</b>  Persons who drive as their main responsibility or any person transporting passengers.	Truck drivers Delivery drivers Chauffeurs Snowplow operators Any employee or volunteer who <u>transports passengers</u> : <ul style="list-style-type: none"> <li>- Coaches</li> <li>- Social services</li> <li>- Van pool drivers</li> </ul> Transportation of hazardous materials	Pre-employment and annually thereafter	Certificate of insurance verifying adequate limits of insurance, updated annually Annual vehicle inspection Monthly inspection/maintenance reports Safe driving rules/policies Periodic defensive driving training
<b>NON-PROFESSIONAL FREQUENT DRIVERS</b>  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 and annually thereafter	Certificates of insurance verifying adequate limits of insurance, updated annually Vehicle maintenance and inspection standards Safe driving rules/policies Periodic defensive driving training
<b>OCCASIONAL DRIVERS</b>  Persons who drive less than once a month.	Any employee or volunteer	Pre-employment and annually thereafter	Certificates of insurance verifying adequate limits of insurance, updated annually Safe driving rules/policies
<b>INFREQUENT DRIVERS</b>  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 vehicle liability insurance coverage Safe driving rules/policies

**THIS IS A SAMPLE. YOU SHOULD CUSTOMIZE CONTROLS TO MEET YOUR ORGANIZATION'S NEEDS AND EXPOSURES.**



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## Non-Owned Vehicle Controls (USA and Canada)

### Sample Non-Owned Vehicle Authorization and Operation Policy

<b>Sample Company Inc.</b>	
<b>Subject: Non-Owned Vehicle Authorization and Operation</b>	
<b>Purpose/Rational:</b>	
<p>Our business relies on the use of vehicles not owned by the company (non-owned vehicles). Examples of non-owned vehicles include rented and leased vehicles and employee-owned vehicles used for business purposes. When these vehicles are used to transport clients, other business partners, or used for business needs in general, it is in the company's interest to ensure that these vehicles are being operated safely.</p> <p>The purpose of this policy is to communicate company rules on the use of non-owned vehicles. Supervisory personnel are to discuss and review these rules with all authorized non-owned vehicle drivers. All company employees who operate non-owned vehicles must review and acknowledge receipt of this policy prior to operating a non-owned vehicle on behalf of the business.</p>	
<b>Non-Owned Vehicle Authorization and Operation Policies</b>	
<ol style="list-style-type: none"> <li>Personnel operating non-owned vehicles on behalf of the company are subject to the company's driver evaluation and qualification procedures. This includes meeting standards to ensure that all drivers have a valid driver's licenses and acceptable driving record. Motor Vehicle Records (MVR) will be reviewed prior to being granted authorization to operate a non-owned vehicle and annually thereafter.</li> <li>Non-owned vehicle drivers must complete all driver-related orientation and training as is required of company drivers.</li> <li>Drivers must provide proof of valid license, registration and liability insurance prior to being approved to operate the vehicle for business. Proof of valid license, registration and insurance must be provided annually.</li> <li>Non-owned vehicles must be kept in safe operating condition at all times. In jurisdictions where periodic safety inspections are required, driver must provide supervisor proof of passed safety inspection.</li> <li>Non-owned vehicles must be operated in accordance with the rules and procedures applicable to company-owned vehicles. Supervisors must verify that all non-owned vehicle drivers have reviewed and understand company vehicle safety rules.</li> <li>All applicable vehicle laws and regulations must be followed, including obeying speed limits, wearing seat belts, adhering to the company's prohibition on using mobile technology while driving, etc.</li> <li>All fines, defense costs and other legal penalties arising out of ticketed offenses are the responsibility of the driver.</li> </ol>	
<b>Acknowledgement</b>	
<p>I have received, read and understand these rules. For the safety and well being of myself, my clients and the general public, I agree to adhere to these rules at all times. I also understand that failure to follow these policies may result in disciplinary measures up to and including dismissal.</p>	
<b>(Employee Signature)</b>	<b>(Date)</b>