

▶ *Hanover Risk Solutions*

## Personal Use of Company Owned/Leased Vehicles

Allowing personal use of company owned/leased vehicles greatly increases a company's exposure to loss. Many organizations allow the practice, as an employee fringe benefit, and therefore need to have policies in place to help minimize the risk.

Personal use may include using the vehicle to commute to and from home, run personal errands between business activities, or use of the vehicle during "off-hours" (e.g., weekends, evenings, etc.)

A vehicle operation policy detailing allowed personal use of company vehicles, as well as requirements for the use of restraints, obeying traffic laws, use of cell phones, towing of trailers, etc., must be in place and applied equally to all employees. Important issues to cover in the policy include:

### Who May Drive the Vehicle?

An organization should "qualify" an employee-driver before allowing them to operate a company vehicle. This qualification process should extend to any other permitted operators, if personal use is allowed beyond the employee.

When driving will be allowed beyond the employee, a minimum policy should include that "driving is restricted to the employee and spouse, and that no children or other persons may drive the company vehicle, except in emergencies."

Where a spouse is allowed to drive the company's vehicle, a copy of the spouse's driver's license should be kept on file. The spouse's

Motor Vehicle Record (MVR) should be obtained on an ongoing basis. MVR's should be reviewed to assure that the spouse meets the company's criteria for a "qualified" driver.

All drivers should be required to promptly report any convictions for moving traffic violations, or accidents involving the company's vehicle.

### Vehicle Operation

A copy of the company's vehicle operation policy should be provided to additional drivers. A signed receipt indicating that the driver has received these policies should be included in the employee/driver personnel file. Driver evaluation and training requirements should also be extended to the additional driver.

### What is the Allowed Radius of Operation or Mileage Restriction?

Where personal use of a company vehicle is allowed, the company should establish restrictions on the use of the vehicle beyond a certain radius of operation, or place limitations on the maximum number of miles allowed for personal use.

Employees should be required to log and report any personal mileage in the company's vehicle. Having the employee pay a per-mile charge for personal use can help limit usage.

## Driving Policies

It should be clearly stated that employees operating company vehicles are required to comply with all laws and state regulations. All occupants of company vehicles should be required to be secured in a safety belt. Children should be restrained in approved safety seats. The use of wireless communication devices, such as cell phones, while the vehicle is in motion, should be strictly limited, except in emergencies. In addition, the use of alcohol and controlled substances while operating a company vehicle is not allowed.

## Accidents

Drivers must complete an accident report and report any accident involving a company vehicle to the employee's supervisor or other designated company representative as soon as possible. A copy of the vehicle registration and insurance information, as well as a preliminary accident report form, should be carried in the vehicle at all times.

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