



Hired & Non-Owned Auto Risk Management for Healthcare Facilities

In the healthcare industry, employees often use hired and non-owned vehicles (HNO) for business purposes, such as transporting patients, running errands, valet services, or attending off-site meetings. While these vehicles facilitate essential functions, they also introduce significant risks, including liability for crashes, property damage, and exposure to non-compliance with regulations. This document discusses the risks associated with HNO vehicles in the healthcare sector and provides best practices and controls to mitigate these risks.

Understanding Hired and Non-Owned Vehicles

Hired vehicles refer to private passenger vehicles or trucks rented, hired or borrowed for business use, while non-owned vehicles are vehicles owned by employees, volunteers, or other third parties and used for business purposes. The interchange of these vehicles introduces complexities in liability and insurance coverage.

Examples of business use could include:

- Travel to or between another healthcare facility or client/member location.
- Travel to or from work-related events or training.
- Exposure to hiring or contracting valet services.
- Visiting client/member locations to provide services.
- Running errands on behalf of clients/members, residents, or patients.
- Running general errands in support of the healthcare organization, including picking up food for a meeting or obtaining office supplies.

Use of Personal Vehicles is a Business Risk

Driving a personal vehicle in lieu of a company-owned vehicle may seem to minimize an employer's liability, however, the practice of allowing employees to use personal vehicles for business purposes regularly creates increased liability for the healthcare organization. In the event of a crash, the driver's personal-auto insurance is the first layer of insurance. However, depending on the circumstances, the organization's commercial or business auto policy may also respond once personal auto policy limits are exhausted.

Consider these additional risks associated with non-owned auto:

- The company has little or no control over who the legal owner of the vehicle is or the condition of the vehicle being driven.
- The type of auto liability insurance carried by the employee may include low limits of liability, high deductibles, and/or adverse terms such as a business-use exclusion.
- The company may also have increased exposure if the employee has a poor driving record or an invalid driver's license.

For these reasons, it is imperative to identify, understand, and manage non-owned auto risk to minimize the potential for loss. To properly manage this risk, each healthcare organization should make a concerted effort to implement controls like those that would be applied to a fleet of owned or company leased vehicles.

Associated Risks

Liability Exposure: The most significant risk stems from potential collisions that occur while employees are using HNO vehicles. If an employee is involved in a crash while driving a hired or non-owned vehicle for work, the organization may be held liable. This can result in financial losses due to legal costs, settlements, and increased insurance premiums.

Insurance Gaps: Many organizations assume their liability insurance covers all vehicle-related incidents, but this is often not the case. Non-owned vehicle usage may not always be completely covered under standard commercial auto policies, leading to gaps in coverage.

Regulatory Compliance: The healthcare industry is highly regulated, and failure to adhere to regulations concerning vehicle operation can result in fines and sanctions. Entities must ensure compliance with both state and national regulations regarding vehicle usage.

Driver Risk Management: Employees or third-party services, such as valet services, may not always be fully aware of safe driving practices or may not have the required qualifications to operate certain types of vehicles. Poorly managed driver risk can lead to an increased likelihood of collisions.

Reputation Risk: In the event of a crash, the organization's reputation may suffer, leading to potential loss of trust among patients and stakeholders.

Best Practices and Controls

To mitigate the risks associated with hired and non-owned vehicles in the healthcare industry, organizations should adopt a series of best practices and controls.

Comprehensive Insurance Coverage: Evaluate and ensure that the organization has adequate insurance policies in place that specifically address hired and non-owned auto risks. Discuss coverage limits and specifics with an agent/broker to ensure appropriate protections are in place.

Driver Screening and Training: Implement a thorough screening process for employees who drive for business purposes. This should include thorough pre-hire checks of driving records, followed by annual reviews. Establish procedures to qualify/disqualify drivers and identify high-risk drivers, enforce minimum age limits, and require defensive driving training. Regular refresher courses should also be offered to maintain safe driving practices.

Established Policies and Procedures: Develop clear policies regarding the use of HNO vehicles. These should include guidelines on how and when vehicles can be used, procedures for reporting crashes or incidents, and rules regarding vehicle maintenance.

Tracking and Monitoring Use: Utilize technology solutions to track the use of hired and non-owned vehicles. GPS tracking systems can help monitor employee driving behaviors and improve accountability.

Regular Risk Assessments: Conduct regular risk assessments to identify vulnerabilities in vehicle usage practices. This proactive approach will help in implementing necessary controls and adjustments as needed.

Engage Employees: Create awareness about the risks associated with HNO vehicle usage among employees. Regular communication can enhance the drivers' understanding of safety guidelines, the importance of adhering to policies, and risk management strategies.

Incident Response Plan: Develop an incident response plan that includes procedures for handling collisions involving hired and non-owned vehicles. This plan should outline steps for immediate response, reporting, and post-incident analysis.

In addition to the above, the program which aims to control non-owned auto risks should also address the following:

- The type of vehicle that is acceptable to be driven for business purposes.
- Rules addressing impaired driving, seat belt use, etc.
- Rules regarding the transport of non-business-related passengers while driving for business purposes.
- A distracted driving policy that addresses common distractions such as phone calls, texting, computer or tablet use, GPS use, etc.
- Providing the driver a company vehicle for business use or renting an appropriate vehicle instead.

Commitment to Safe Vehicle Operations

As the healthcare industry increasingly relies on hired and non-owned vehicles for various business operations, it is crucial for organizations to recognize and manage the associated risks. By implementing best practices and robust controls, healthcare organizations can effectively mitigate liability exposure, ensure regulatory compliance, and maintain a safe environment for employees, patients, and residents alike. Adopting these measures not only protects the organization from financial loss but also fosters a culture of safety and responsibility that benefits everyone.

Resources

ANSI/ASSP Z15.1 - 2024 Safe Practices for Motor Vehicle

Learn More & Connect

For more information on protecting your business, contact your local risk engineer, visit the [Chubb Risk Consulting Library](#), or check out www.chubb.com/riskconsulting.