



## To The Point

### Personal Use of Company Vehicles

Some companies assign vehicles to employees who drive to perform their jobs. Depending on their policies, companies may restrict the use of vehicles for business purposes or allow employees to drive company vehicles for their personal use, with limited or no restrictions. Of course, the risk of crashes may increase when employees drive company vehicles outside of work. This liability should be controlled as much as possible.

#### Advantages of Personal Use of Company Vehicles

There are several good reasons for allowing employees to use company vehicles for their personal business. Employees requiring daily driving can report to their customers or worksites directly from home without obtaining a company vehicle from a central office or garage. This saves time and expense for the company and ensures that employees who respond to emergencies as part of their work, such as police officers, plant managers, or EMTs, have a vehicle at the ready. Offering a company vehicle is attractive to job applicants and may be a good retention tool for current employees, saving them the cost of owning and operating a personal vehicle.

#### The Downside

On the downside, personal use of a company vehicle adds increased miles and wear and tear on the vehicle, accelerating the replacement cycle and potential for breakdowns. Unbeknownst to the employer, employees may use the vehicle for inappropriate purposes (such as driving off-road, pulling trailers, or transporting pets) that may reduce the vehicle's value or jeopardize its safety. Employees may also allow unauthorized people to drive the vehicle, possibly putting the company at risk. Merely driving and parking company-owned vehicles increases the risk of theft, vandalism, and damage from extreme weather.

#### Managing the Risk

Employees must understand they do not have free or unrestricted use of the company vehicle. It is advisable to have a company policy and procedures for the personal use of company-owned vehicles to control the risk of injuries and damages. A personal use policy should address the circumstances in which an employee can use the vehicle for personal reasons, who can drive the vehicle, and any other responsibilities the employee has for the vehicle. ANSI/ASSP:

Safe Practices for Motor Vehicle Operations is a good resource for developing a company policy.

Each authorized employee-driver should be required to sign a copy of the company policy and a record of the acknowledgement should be kept on file. Consider restricting the use of the vehicle to only the employee and prohibiting use by non-employee drivers such as spouses, domestic partners, or children. Non-employee drivers can incur severe auto liability claims.

The first steps in the notification process are to refer to the vehicle use policy in applicable job postings and descriptions, in the employee handbook, during new employee orientation, and in the company's fleet safety program.

#### Other Controls to Help Reduce Risk

Here are some other control methods a company should consider for authorized drivers:

- Obtain a motor vehicle record for all drivers at least annually.
- Establish criteria for evaluating potential or current employees' motor vehicle records.
- Provide defensive driver training to all authorized drivers.
- Mandate prompt vehicle incident reporting.
- Conduct investigations into all vehicle crashes and infractions (during business and personal use).
- Implement a ride-along driver observation program to observe driving behaviors.
- Prohibit distracted driving by all drivers of company vehicles.
- Require the use of seat belts and appropriate infant/child seats by all passengers.

## 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](http://www.chubb.com/riskconsulting).

- Implement a vehicle maintenance reporting system that tracks mileage and informs employees of required maintenance.
- Ensure the vehicle is well maintained by conducting random and scheduled vehicle inspections.
- Require employees to inspect the vehicle at least quarterly and report the condition.

The advantages of offering a company vehicle and allowing authorized drivers personal use of the vehicle may outweigh the disadvantages when good risk controls are in place. A company can help keep its authorized drivers safe and its vehicles in good condition by implementing a personal use policy and effective risk controls.

## Resources

### Chubb

- [ANSI/ASSP Fleet Safety Practices](#)
- [Motor Vehicle Record \(MVR\) Guide](#)
- [Safe Driving Observation Checklist](#)
- [Incident Report Form](#)
- [Fleet Crash Investigation](#)