

I DON'T HAVE ANY COMPANY AUTO LIABILITY RISK. REALLY?!

Many small businesses own one or no motor vehicles. Because of this, small business managers often assume they have only limited company auto liability exposure. But look a little closer, and you may find that's not the case.

Do any of your managers, service people, or sales staff use their own auto while working for you? If so, do you think they carry million dollar liability limits that protect themselves and your company? What are your employees' driving habits while on corporate errands? What are your employees' driving histories?

Here are some examples of actual situations where employees driving their own vehicles resulted in the company being liable for an auto accident:

- 1) After the company secretary stops to pick up donuts for the office on the way into work, she rear-ends a school bus and injures several children;
- 2) A prospective home buyer is injured when a salesman runs off a gravel road while talking on his cell phone while the two are out looking at home sites; and
- 3) While on an errand to pick up parts, a maintenance worker speeds out of a Home Depot parking lot in order to beat an oncoming truck and hits a bicyclist.

All of these accidents resulted in six or seven figure company liability. When not insured or handled properly, these types of claims can result in the complete loss of a small business.

Here are some tips on how to limit your company's auto liability exposure:

- 1) Only allow a select few employees to run corporate errands in their own vehicles;
- 2) Know the driving history of all employees that drive any vehicle on company business (your auto liability company will pull driving records for you – employees with multiple moving violations should not drive on company business);
- 3) Prohibit the use of hand held cell phones and texting while driving. The rule should be immediate termination for all violators (see the \$23 million lawsuit Coca Cola Distributing lost in 2011 for evidence why this is sound policy);
- 4) Make every employee that drives on company business read and sign a driver safety agreement. You can find a good one at www.mobileagency.com, select "Loss Control", then select "Loss Control Driver Safety Agreement";
- 5) Purchase corporate "hired / non-owned auto liability" insurance with at least a \$1,000,000 coverage limit. It's an inexpensive additional coverage for most businesses;
- 6) Require employees who regularly use their own autos to have personal auto liability limits of \$500,000 or more, and
- 7) When renting cars on company business, have employees purchase the rental car "Loss Damage Waiver."

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