

Personal Use of Company Vehicles Policy

Personal use of a company vehicle is a concern for a wide variety of reasons. The first primary reason is the potential impact on the company's financial stability in the event of questionable accidents that may result from an employee's personal use of your company vehicles.

- Why is personal use a concern for company vehicles? Many such vehicles are driven home by workers or driven in business situations where personal use is involved. This use may be at night, weekends, vacations or during the work day. Lack of controls for this exposure may lead to the potential of negligent entrustment liability to your company in the event of accidents during periods of uncontrolled personal use.
- What should be done to reduce and better control personal use exposures? Effective controls begin with a written policy. The policy is then presented to all drivers of company vehicles and a signed acknowledgement of their acceptance of the policy is obtained. This should be done with existing drivers and all new drivers in the future.

An effective policy should include the following areas of potential concern.

- Limit the use of the vehicle. Use should be limited to the worker and/or other designated non-company drivers such as the employee's spouse, children, etc. Most companies restrict the use to the company driver only.
- Obtain a Motor Vehicle Record (MVR) on all potential drivers. In the event that drivers will include other than

the assigned driver, obtain written consent from the non-company driver to order an MVR prior to allowing any non-company driver to use the company vehicle.

- Limit travel radius of the driver for personal use. Where possible, assign driving territories and limit personal use to these territories. In the event that these territories cover large geographic areas, more restrictive personal use radius considerations will need to be administered. Any use outside of the assigned territory or radius must have the approval of the driver's supervisor. Personal travel outside the country should be avoided.
- Outline unusual personal use. This would include personal use for vacations, weekends, family moving, etc. All drivers must obtain supervisor approval for this type of use and the company should monitor this use for potential abuse or misuse.
- Prohibit activities that could lead to other liability exposures. Prohibited activities should include carrying firearms, alcohol consumption, assisting hitch-hikers, etc. These restrictions should apply to business and personal use of company vehicles.
- Deductible reimbursement for accidents during personal use. In the event that a driver is involved in an accident while on personal business use, your policy should include a provision for the driver to reimburse the company for the insurance deductible resulting from the accident.

While these are few of the areas where your personal use policy can reduce your company's financial liability that may result from an employee's personal use of your company vehicles, you should look for other unique areas of your operations that may reveal additional areas which your policy should include. A sample policy is included below.

Sample Personal Use of Company Vehicle Policy Statement

The use of a company vehicle is an inherent part of your job. It is important to you and the company that you understand and follow the following rules regarding the use of company vehicles.

1. Only you, your spouse, or approved company drivers may operate company vehicles. Your spouse must have an acceptable Motor Vehicle Record (MVR) on file with the company before use is allowed.
2. Other members of your family, neighbors or friends may not operate the vehicle except in an emergency.
3. We expect you to operate the vehicle in a safe manner. All traffic laws are to be obeyed. Any violation may be subject to restricted driving privileges, suspension of driving privileges or possible loss of employment.
4. You will be expected to park the vehicle in legal areas intended for such. You will be expected to lock and safeguard the vehicle in a prudent manner at all times.
5. You will be expected to keep the car clean and in working condition at all times.
6. You will be responsible for any deductibles that must be paid resulting from any accidents that occur during non-business use, regardless of who is at fault.
7. You must obtain written permission to operate a company vehicle beyond your normal business use radius.
8. You are not permitted to operate company vehicles in any other country.
9. Vacation use is permitted provided that you obtain written management approval prior to the use.

I understand the conditions and consequences of the company's personal use policy and agree to adhere to the policy procedures and rules.

Employee Signature

Date

Management Representative Signature

Date

CC: Employee
Department Supervisor