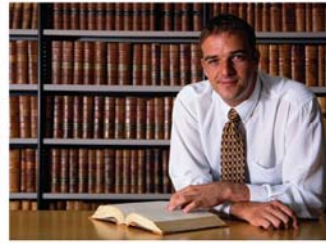




small business



**CNA**

## Vehicle Use in Business

Here are a few things to consider if you maintain vehicles for business use:

- If the Occupational Safety and Health Administration (OSHA) fined you \$3,000 today, would you still be in business tomorrow?
- Would you still be in business tomorrow if one of your drivers with a prior DUI and no license had been drinking and caused an accident?

Improperly managed incidental fleets expose a business to serious liability loss potential.

### Indirect cost of Automobile Losses

When one of your vehicles is involved in an accident, you need to consider the true impact on your business. The insurance coverage will respond in accordance with the terms of your policy, but the following additional costs should be considered.

#### Employee Downtime

- Uninjured driver — nonproductive time filling out accident reports or loss of a skilled, productive worker due to injury.
- Unproductive time at accident scene.
- Obtaining repair estimates (nonproductive time).
- Finding alternative transportation.
- Future nonproductive time in court, if required.

When downtime is calculated into lost sales, you can realize the impact downtime can have on your profit margin.

#### Replacement Labor/replacement Vehicle

- Training of substitutes is time consuming.
- Substitutes may not have the same motivation and loyalty, which can impact productivity and customer relations.
- Replacement/rental vehicles can be expensive.
- If your vehicle is totaled, expenses are incurred for replacement not covered by insurance.
- Replacement takes time. If the vehicle is in for repairs, how will deliveries be made? If only for a few days, that vehicle is not generating any revenue.

### Ideal Fleet Management Practices

- Know who is driving your vehicles.
- Establish accountabilities.
- Utilize motor vehicle record review criteria.
- Provide employees with accident reporting procedures.
- Remove employees from driving if they do not pass driving criteria.
- Maintain your vehicles.
- Train your drivers.
- Establish a policy that sets limits on the personal use of company-owned vehicles.
- Designate drivers. Identify specific employees to drive a specific vehicle.
- Specify personal insurance limits for those employees using their own vehicles for company business. Generally, it is recommended that employees carry minimum liability limits of \$100,000/\$300,000 or \$300,000 combined single limit on their personal automobile insurance policy.
- Prohibit loaning of vehicles.
- Establish which family members are allowed to drive — or not to drive.
- Emphasize that driving is a privilege and responsibility — not a right.
- Make each employee aware that he or she will be held responsible for where their vehicle is and what it does.

If an employee uses his/her own vehicle for company business, called non-owned auto exposure, all of the above rules should apply. In addition, this employee should produce a certificate of insurance from his/her automobile insurer. Work closely with your agent to establish minimum acceptable limits.