



# Fricke & Associates, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

2344 Perimeter Park Drive, Suite 100, Atlanta, GA 30341 Phone: 770-216-2226

[Home](#) [Firm Profile](#) [Peer Review](#) [Financial Tools](#) [Info Center](#) [Contact Us](#)

Hi, . Here are your Articles for November 12, 2013.

### Insuring Employees Who Drive Their Own Cars

**I**n many companies, employees drive during the course of their jobs -- to make deliveries, call on customers or pick up supplies. In some cases, they use their personal cars rather than company cars. This can have several advantages for the employer:

- The company does not have to maintain a fleet.
- It does not have to worry about non-employees driving the cars, and the employee's personal auto liability policy provides the first layer of coverage.
- Accounting is also simpler. The employer does not have to account for an employee's personal versus business use of the car. Many employers reimburse employees for their mileage at the current IRS standard rate (56.5 cents a mile for 2013, up from 55.5 in 2012).

However, just because someone uses a personal auto does not relieve the employer of liability if the employee injures someone while on the job. An employer would become "vicariously liable" for any injuries an employee caused to a third party during the course of working. (Time spent commuting to and from work is NOT considered work time; therefore, an employer has no liability for an accident that occurs during an employee's commute.)

An employer can take a few steps to protect itself from liability when employees drive their own vehicles for work travel:

1. When hiring for all positions that require driving, check applicants' motor vehicle records before making final job offers. This will show any traffic tickets they've received or accidents they've been involved in. Avoid hiring someone with multiple moving violations, especially speeding or failing to obey signals. Studies have shown that habitually careless drivers are more likely to become involved in accidents.
2. Require employees who drive for work to carry a personal auto policy with at least \$500,000 in liability coverage. (Some employees may have very low limits, which only satisfy state financial responsibility requirements.) The



### Beware of Unexpected Situations

The Insurance Information Institute notes that business owners sometimes don't notice they have potential liability for employees using their own cars. For example:

- Your office manager stops by the office supply store to pick up some items for work on her way back from lunch.
- On the way home, a supervisor stops by a client's office to leave a product sample.
- While on vacation, a salesperson driving his

Personal Info  
Configure Niche Content  
Saved Articles  
Refer Colleague  
Unsubscribe  
Feedback

Your Privacy

© 2013, Powered by BizActions

employee's insurance serves as your first layer of liability coverage, so be sure to notify employees that if they're involved in a work-related accident, their policy will respond first. Require employees to submit proof of insurance, and make continuing coverage a condition of the job.

3. Consider buying a business auto insurance policy (BAP) to cover auto-related liability exposures. The policy can be written to cover any commercial auto-related liability exposures, indicated by "symbols" on the schedule of coverages. To see whether your policy covers employee-owned vehicles, check for either Symbol 1 (which covers "any auto") or Symbol 9 (non-owned autos only) in the schedule of coverages. *Note:* If you have Symbol 9 coverage only, the BAP provides liability coverage only. It does not cover property damage to an employee's car.

personal vehicle makes a brief stop to visit a customer.

"These are all situations where a business can find itself liable for an auto accident with damages higher than the policy limit of the employee's personal auto policy," explains the Insurance Information Institute.

The business auto policy covers only the liability of the named insured -- that is, the employer. The business auto policy (and your other liability policies) do not cover the employee's liability.

The policy and other commercial liability policies also do not cover any injuries an employee causes to a fellow employee. Workers' compensation protects the employer from this type of claim.

In some states, employees can sue their colleagues for work-related injuries under certain circumstances. The employer's workers' compensation insurance does not provide coverage for this kind of claim, making the employee personally liable. If you want to provide employees with liability protection for this and other situations, you can buy this additional coverage in an employees as insureds endorsement. The endorsement provides employees with coverage under your BAP, secondary to the employee's personal auto policy. Note that if you have Symbol 9 coverage only (non-owned autos only), the BAP provides liability coverage only. It does not cover property damage to an employee's car.

 Email to a Friend  Save Article  Email Firm  Share This

### Feedback

Is this item worthy of implementation?	Yes	<input type="radio"/>	No	<input type="radio"/>	Maybe	<input type="radio"/>
Is this item worth sharing with other associates?	Yes	<input type="radio"/>	No	<input type="radio"/>	Maybe	<input type="radio"/>
Did this item present value to you and your business?	Yes	<input type="radio"/>	No	<input type="radio"/>	Maybe	<input type="radio"/>

Comments:

---