PHILADELPHIA INSURANCE COMPANIES
A Member of the Tokio Marine Group

LOSS CONTROL TECHNICAL BULLETIN

Employee/Volunteer Use of Personal Vehicles

A non-owned auto is one that is neither owned nor hired by the named insured, such as an employee's or volunteer's personal vehicle used on company business. This coverage is available in the **Business Auto Coverage Form** to provide protection for the insured organization, not for the owner of such an auto. The policy conditions state that the coverage provided under the **BAP** is excess over any other collectible insurance. There are numerous occasions where employees or volunteers use their personal vehicles to perform agency related functions. Beware, the employee/volunteer may not be covered under your policy.

Under the Philadelphia Indemnity Insurance Company policy, coverage is provided to protect the agency. Under Non-Owned Auto, coverage is provided as **Excess Only** for liability when an employee or volunteer is utilizing their own vehicle and appropriate additional insured endorsements are applicable to the policy. No physical damage coverage is ever provided excess or otherwise.

In the event of an accident, please be aware of the following:

1) **Employee driving agency vehicle:** Coverage provided by the Philadelphia Indemnity Insurance Company policy would be Primary in the event of a law suit.

2) **Volunteer driving agency vehicle:** Coverage provided by the Philadelphia Indemnity Insurance Company policy would be Primary in the event of a law suit.

3) **Employee driving "own" vehicle on agency business:** The employees' personal auto policy would be primary for the agency and self. The Philadelphia Indemnity Insurance Company policy would be **Excess** only for the insured and employee due to the attachment of endorsement (CA 9933) "Employees as Insureds". In most states UM/UIM coverage is only applicable to bodily injury. However, there are a few states that require coverage for property damage also. It is important to determine if your underwriting state requires this coverage.

4) **Volunteer driving "own" vehicle on agency business:** The volunteers' personal auto policy would be primary for the agency and self. The Philadelphia Indemnity Insurance Company policy would be **Excess** only for the agency (Named Insured) not for the volunteer as endorsement (CA 9934) "Social Service Agencies – Volunteers as Insureds" is not attached to the policy. The volunteer must look only to his or her own auto liability policy for coverage and will not be covered under the social service agency's policy. In most states UM/UIM coverage is only applicable to bodily injury. However, there are a few states that require coverage for property damage also. It is important to determine if your underwriting state requires this coverage.

IMPORTANT NOTICE - The information and suggestions presented by Philadelphia Indemnity Insurance Company in this Technical Bulletin are for your consideration in your loss prevention efforts. They are not intended to be complete or definitive in identifying all hazards associated with your business, preventing workplace accidents, or complying with any safety related, or other, laws or regulations. You are encouraged to alter them to fit the specific hazards of your business and to have your legal counsel review all of your plans and company policies.

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Non-Owned Auto Liability

An employer can be held liable for the actions of its employees and volunteers while driving on the employer's business. Any time an employee or volunteer operating his or her own vehicle on agency business is involved in an accident, the agency will almost certainly be sued. Employer's Non-Owned Auto coverage protects your agency in the event that it is named in a law suit arising out of the use of a vehicle owned by an employee or volunteer driving on behalf of your organization.

This coverage is designed to protect only the agency, not the employee or volunteer operator of the vehicle. It also does not pay for damage to the vehicle being driven by the employee or volunteer. This type of coverage can be written either as a part of the automobile policy for the agency's vehicles or as a part of the agency's general liability policy, if the agency does not own any vehicles.

Important: Remember that a loss suffered by an employee or volunteer utilizing their personal auto for agency business will be experience rated for their future premium just as it would if they suffer a non-agency related loss.

Recommendations:

1) Personal auto use should be restricted where possible (use agency vehicle for medical appointments, deliveries or pick ups or any time consumer transported).

2) Employees and volunteers using their personal vehicles for agency business should be reviewed as any staff member using an agency vehicle would:

    a. MVR checked and analyzed on annual basis.
    b. Ensure proper driver training to include DDC, PAT, Emergency Evacuation, other
    c. Annual Update of primary insurance and MVR
    d. Follow agency's standard policies and procedures when using personal vehicles; ie: driver eligibility, use of seatbelts, etc.

3) Employees and volunteers using a personal vehicle should provide proof of insurance, confirmation that there are no exclusion regarding vehicle use, proof of inspection and the agency should determine appropriateness of personal vehicle (condition, type, etc.)

4) Agencies should have a policy in place to require both employees and volunteers to maintain minimum liability limits on their personal auto policies. It is recommended that those limits be at least $300,000 unless the person is transporting clients, in which case the limit should be $1,000,000.

5) Insured's can institute periodic checks on employees' and volunteers' personal insurance and require copies of their declaration showing limit of liability carried.

6) Verify that applications submitted include the volunteer count so we may charge accordingly.

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Summary of Employee / Volunteer Use of Personal Vehicles

1. **Employee using "Agency" vehicle** – Liability coverage is **Primary** and provided for the insured and the employee.

2. **Volunteer using "Agency" vehicle** – Liability coverage is **Primary** and provided for the insured and the volunteer.

3. **Employee using "Own" vehicle on Agency Business** – Employees' Personal Auto Policy is primary for Agency and self, the Agency's policy is **Excess Only** for the agency and the employee. (Employee is included due to "Additional Insured Employee Endorsement"). In most states UM/UIM coverage is only applicable to bodily injury. However, there are a few states that require coverage for property damage also. It is important to determine if your underwriting state requires this coverage.

4. **Volunteer using "Own" vehicle on Agency Business** – Volunteers' Personal Auto Policy is primary for Agency and self, the Agency's policy is Excess Only for the agency **NOT** for the volunteer. In most states UM/UIM coverage is only applicable to bodily injury. However, there are a few states that require coverage for property damage also. It is important to determine if your underwriting state requires this coverage.

NOTE: *FOR PRICING PREMIUM CHARGES FOR THESE ADDITIONAL INSURED ENDORSEMENTS SOCIAL SERVICE AGENCIES CONTACT YOUR AGENT.*

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