

Loss Prevention

Please route to:

- Operations manager
- Service manager
- Office manager

Negligent entrustment

Reckless endangerment, punitive damages, criminal negligence . . .

These are terms that should concern you if you provide vehicles to your employees. The behavior and actions of your employees can have a direct impact on you, and your business. You can be held legally and financially responsible for accidents and injuries caused by employees while operating your vehicles. How? Under the theory of “negligent entrustment” - giving or entrusting your vehicle to a person who is incompetent or cannot operate the vehicle safely.

Let's look at how it could happen to you.

A great GM that the dealer has known for years leaves a competitor, is contacted immediately, a deal is cut and he's hired that same day. The new GM is given keys to the dealership and a shiny new demo. All is well for a month or two until one afternoon, while driving to the bank to make a deposit, the GM runs a red light, hits a small car and kills two people. The police department, in the course of their investigation, checks the GM's motor vehicle record (MVR) and discovers a very poor driving history: multiple moving violations, suspended license, motor vehicle accident, etc.

Did the dealership check the GM's driving record prior to hire and ignore the violations and accident history because of the GM's great sales record? If yes, then the dealership could be exposed to negligent entrustment.

What can you do to prevent a negligent entrustment situation?

Before employment:

In accordance with applicable laws, check employment references, criminal records and motor vehicle records.

After employment:

1. Annually review the driving records of employees who are allowed to use company vehicles.
2. Do not allow employees who have known current substance abuse problems or poor driving records to operate company vehicles.
3. Verify that your policy concerning use of company vehicles is being followed.
4. Employees with suspended licenses, even for administrative reasons (i.e. failure to renew license prior to expiration, etc.), must be prohibited from operating company vehicles.

Developing policies and publishing them in an employee handbook is easy. The difficult part is implementing and enforcing these policies. However, be aware that failure to follow these policies can be used against you.

If you have any questions or comments, contact your Zurich account executive.

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