

Using your own vehicle on authority business



Insurance – the employee

One of the general principles of motor insurance is that the person or organisation whose name appears on the Vehicle Registration Document (VRD), should also be the same person or organisation who arranges the appropriate insurance cover (the insured), to cover the use or purpose to which the vehicle is put. In the case of an employees' own vehicle it therefore follows that the employee should arrange the insurance cover.

When an employee is using their own vehicle on the business of the employer, they must check firstly with their own motor insurers that they are insured to drive on the business of their employer. The employee also needs to remember that when they have agreed the business extension, that over time the range and nature of the business activity may change and they need to remain vigilant that they keep their insurers informed of any changes in the original description of the risk as first supplied. For instance, an officer of the authority may originally require cover for very short distance and very infrequent business trips, to some years later as their career may progress and they find themselves using the vehicle on a daily basis, and for longer journeys.



With current private motor policy wordings business use coverage is often provided automatically, although in some cases the employee may be required to pay an additional premium for the business use extension, which is usually recoverable as part of the mileage allowance paid.

Let us be clear though, commuting to and from your normal place of work is classed as part of Social Domestic and Pleasure (SDP) use and not business use of the employer.

So long as the employee follows the above guidance they should encounter few difficulties in the event of a claim having to be made.

It is possible for an employer to arrange the necessary business cover for employees own vehicles through the use of an Occasional Business Use (OBU) extension to the authority's main fleet policy. The cover is normally arranged on a flat charge per number of users. As a very rough guide OBU coverage is good for employees driving no more than 1,000 miles annually on the business of the employer, anything more than that and the employee should really arrange the appropriate extension.

Insurance – the employer

It is not an unreasonable question to ask how the employer may be so affected by an employee who uses their vehicle on authority business and what exposure the authority may face.

An employee, using their own vehicle on the business use of the employer, does create a risk for the employer and indeed the employer is capable of being joined in legal action with the driver.

The normal expectancy is that the motor policy of the employee will provide the necessary protection to the employer. In circumstances where the employee motor policy will not respond (ie the employee may have forgotten to renew the policy), then, providing the employer has public liability insurance, it is likely (but needs to be verified against your own individual policy, and cross referenced with any extension available under the main motor policy) that the public liability policy will have an extension referred to as Motor Contingent Liability (MCL). The MCL extension is designed to offer protection to the employer only, and not the employee, in circumstances where the employee has been using their motor vehicle on the business of the employer, but does not have adequate insurance cover in place. The policy offers no protection to the individual and does not cover any damage to the vehicle itself. If the authority has a motor policy underwritten by us then this policy also covers MCL.

Employees also need to consider the implications of using their vehicle on the business of an 'outside' organisation, even though it may be by virtue of their employment with the authority. The question to ask is whose business use is it? The 'outside body' or that of the authority? Perceived wisdom would suggest it is the business use of the 'outside body', and thus the employee will need to bring this detail to the attention of their motor insurers. Few outside bodies are likely to provide OBU coverage.

Risk management

For a large and diverse organisation such as a local authority or police authority, checking that employees have suitable vehicles for their purpose is extremely problematic and a task which could become overwhelming. However, employers have a duty under the management of Health and Safety at Work regulations 1999 to assess the risks to the health and safety of the employee whilst at work associated with driving for work.

For clients who insure their motor risk with us, Gallagher Bassett will carry out a fleet risk management survey free of charge and the written report following this survey includes information to assist a client in establishing appropriate risk assessments in relation to their work related driving activities.

The reality appears to be that few organisations, if any, check for insurance details, MOT certificates and the like. It may be appropriate for an employee to sign a declaration on producing the appropriate documentation, that the vehicle is in a road worthy condition, that they will and have produced details of any convictions.

Finally readers may like to bear in mind that the post office was prosecuted under H&S legislation when one of their employees was involved in an RTA, whilst delivering post using the employee's own moped which had defective tyres at the time of the RTA. Given the litigious nature of society this may become a growing phenomena.

Further RMP Resources and Articles

For access to further RMP Resources you may find helpful in reducing your organisation's cost of risk, please access the [RMP Resources](#) or [RMP Articles](#) pages on our website. To join the debate follow us on our [LinkedIn](#) page. Additionally we have specific discussion groups for the [Education](#), [Emergency](#) and [Government](#) sectors.

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OV-AB-01-17