

Non-Owned Automobile Coverage

OVERVIEW OF COVERAGE

Many healthcare organizations permit “Additional Insured” to use personal and rented vehicles for business or work-related activities. Utilizing this option, while very convenient, may create exposures to the healthcare organization that could result in claims being brought against the organization’s HIROC liability policy.

Additional Insured covered under the Non-Owned Automobile coverage are defined as:

a) Employees b) Board members c) Officers d) Trustees e) Volunteers

The HIROC policy defines a Non-Owned Automobile as:

a) A vehicle not owned/leased in the name of the NAMED INSURED (Subscriber), but used for purposes related to the business of the Subscriber
Example: Employees’ personal vehicle used for Subscriber purposes

b) Any automobile hired or rented in the name of an Additional Insured for purposes related to the business of the Subscriber for a period less than 30 days.
Example: Renting a vehicle for Subscriber purposes

KEY POINTS

- *Additional Insured must be working for and on behalf of the organization **at the time** of a loss or damage for coverage to apply under HIROC’s Non-Owned Automobile Coverage.*

HIROC’S Non-Owned Automobile Coverage – Liability and Physical Damage

Liability Coverage:

- HIROC’s Non-Owned Automobile Coverage (Coverage H) provides **excess coverage**. This means that the HIROC policy will only respond **after** the underlying liability limits of a policy (ie: employee’s/volunteer’s personal automobile policy) have been exhausted.

Physical Damage Coverage:

- Additional Insured who rent/lease a vehicle for purposes related to the Subscribers’ business or work-related activities - for a period of less than 30 days in duration - **may decline** the Physical Damage Coverage offered by the car rental company as the HIROC policy provides this protection.
- The limit of insurance for physical damage coverage is \$100,000 for any one occurrence without the application of any deductible. While HIROC does offer this coverage, purchasing it from the car rental company results in the transfer of any physical damage loss from HIROC to the rental company.

Who pays when an accident occurs?

Case Example:

A volunteer of the Subscriber uses their own vehicle for purposes related to their volunteer activity at Subscriber. The volunteer gets into an accident while driving to attend a meeting on behalf the Subscriber.

The order of “who pays first” from a liability perspective would be as follows:

- 1.Lesser or renter whose name is in the contract with the rental company (applicable if renting)
- 2.Automobile policy where the *Additional Insured* is listed as a Driver
- 3.The insurance of the owner of the vehicle – i.e. rental company or *Additional Insured*
- 4.The healthcare organization’s Non-Owned Automobile policy

In any accident, there could be other vehicles or people involved who have their own automobile insurance, or a situation

Non-Owned Automobile Coverage

where other insurance is available (i.e. other drivers). Those policies could be inserted as payees before the HIROC Non-Owned Automobile policy would respond.

Property stolen from a vehicle

- If personal possessions are stolen from the rental or employee/volunteer's personal vehicle while being used for business, the employee/volunteer's (e.g. the owner of the stolen possession) personal property insurer would provide coverage for the loss subject to any applicable deductible on the personal property policy (ie: Tenants, Homeowners or Condominium policy).
- Property stolen from rental or vehicles owned by the Subscriber would be covered under the HIROC property policy subject to the applicable deductible.

Transporting patients

- Allowing employees or volunteers to transport patients may pose significant liability exposures for the healthcare organization – e.g. failure to ensure the safety of the patient and/or the employee or volunteer.
- Except for healthcare organization sanctioned therapeutic patient excursions or field trips, restrict all patient transfers to certified/licensed transport providers.

Risk Management Considerations:

- Instruct all *Additional Insured* to advise their respective personal automobile insurance carriers, they will be driving their vehicles for reasons associated with their employment/volunteering. Each insurance company has their own filed rules and regulations, and will handle these situations accordingly. Where possible, the employee or volunteer should obtain a letter from the broker or

insurance company confirming there is coverage for the exposure.

- Ensure the *Additional Insured*:
 - Has a valid driver's license and a good driving history. Obtaining a copy of their Motor Vehicle Record and/or a letter from their insurance company as confirmation;
 - Has personal automobile policy has a liability limit of at least \$2,000,000;
 - Is aware of their sole responsibility for any fines/costs resulting from traffic violations, parking tickets, theft, loss, or damage to their vehicle;
 - Agrees to notify the organization immediately following any driving related accidents, fines, charges/convictions, driver's license restrictions and suspensions
 - Signs a document acknowledging their awareness of the organization's vehicle protocol.
- The vehicle must:
 - Qualify for Physical Damage Coverage (Collision and Comprehensive) with the insurer. Vehicles not qualifying for these coverages, should not be utilized as a vehicle for Subscriber purposes.
- Other safety considerations:
 - The vehicle has a safety kit in the car at all times (e.g. First Aid Kit)
 - The employee/volunteer is trained in C.P.R.
 - The employee/volunteer always has a working cellular device available for emergencies.



REFERENCES

- HIROC claims.
- Northbridge Insurance. (2012). NB# 3168: Handheld device use and the law. Technical Bulletins, Risk Insights.
- Northbridge Insurance. (2012). NB# 3032: Fleet vehicle preventable accident Guide. Technical Bulletins, Risk Insights.
- Lockton Affinity. (2011). [Home care briefing – Issue 3: Non-owned vehicle exposure.](#)
- Ontario School Boards' Insurance Exchange. [Recommended forms & checklists – Volunteer driver – Authorization to transport students.](#)