



Risk Control

Hired and Non-Owned Auto Exposures

Hired and Non-Owned Auto (H/NOA) refers to commercial automobile liability insurance for vehicles that are not owned by your company but are used in connection with your business. An employee using their personal vehicle or hired (rental) vehicle to conduct business activities for their employer under the approval and/or knowledge of the employer constitutes H/NOA exposure.

Hired vehicles:

Vehicles rented by employees of the company that are used in the course of conducting company business are considered "hired vehicles." These vehicles are typically associated with out-of-town business and may have a liability exposure for the entire rental period, regardless of whether the driver is engaged in personal or business activities.

Non-owned vehicles:

A non-owned vehicle is an employee's personal vehicle which may be used at times for conducting company business. Examples include making sales visits, running office errands, participating in volunteer work or traveling to offsite business meetings.

Almost every business entity has a non-owned auto exposure, regardless of how infrequently it may arise.

Possible cost to your company:

If an employee causes an accident in their own vehicle, the liability insurance policy on that vehicle is the first policy to respond to and pay for damages. After the limits of liability on the employee's personal automobile policy are exhausted, the injured party may look to the driver's employer to pay additional damages. Your company could be put in this situation under the theories of negligence or vicarious liability.

Action steps to protect your company assets from non-owned automobile exposures:

- If possible, don't allow employees to drive their own vehicles for company business. Require that they use company vehicles. If employees are permitted to operate their own vehicle for company business, ensure that only designated employees are granted permission.
- Review each employee's Motor Vehicle Record (MVR) before they are given approval to drive on company business, and again each year.
- Require that employees driving their personal vehicle for business provide proof of insurance; CNA suggests a minimum of \$300,000 combined single limits.
- Have the employee's vehicle regularly inspected by an Automotive Service Excellence (ASE) certified professional to ensure it is properly maintained and safe to operate. Keep copies of these inspections and any associated repair work.
- Investigate all accidents and provide training to reduce the likelihood of future accidents. The same driver safety rules and training should be provided to hired and non-owned drivers as if they were operating a company-owned vehicle.

Tips for rental vehicles:

- Employees should know where they are going ahead of time. If the vehicle is being used in unfamiliar territory, the route should be mapped and GPS programmed in advance.
- Employees should take note of any pre-existing vehicle damage before the vehicle is driven. If any damage is noted, it should be reported to the lot attendant and photographed by the employee.
- Ensure that employees renting vehicles for company business are enrolled in your MVR review program, and that any company-implemented fleet or driver safety programs have been signed by employees renting vehicles. Company cell phone and texting policies should be extended to those employees operating rental vehicles.

Risk Control services, allied vendor programs and links:

SORCE® and SORCE On Demand:

Our industry-leading Risk Control staff is available to conduct live educational presentations and webinars for a number of cutting edge risk management and fleet topics. [SORCE® On Demand](#) offers online industry specific Risk Control courses and helps our customers in their efforts to train new employees, enhance operational productivity and limit exposures.

Allied Vendor Programs:

Through our Allied Vendor Program, CNA has identified industry-leading organizations that can assist organizations in implementing critical fleet safety program components. Our [Allied Vendors](#) offer a suite of services aimed at improving your organization's overall fleet safety and driver management profile.

Is your rental car coverage enough?

If your drivers frequently utilize rental car services, you should consider implementing a car rental policy with property and liability insurance coverage in the corporate primary rental agreement with that rental car company. You may also want to institute a travel policy that requires employees to accept primary insurance coverage. Adoption of these measures can help to transfer the risk of even minor damage or theft, and minimize the impact of a rental car claim.

Additional resources:

[Driver Selection Guide](#)

[Driver Distraction and Cell Phone Use Guide](#)

[Winter Driving](#)

To learn more about managing your risk and increasing efficiency, visit cna.com/riskcontrol.