

Why is Automobile insurance important when I own no vehicles?

With the exception of restaurants that have catering businesses or that own vehicles to deliver food, most restaurants only have employees use their personal vehicles on company business – perhaps to run errands, go to the bank or pick up supplies. Your restaurant can be at risk for its vicarious liability when employees drive their personal vehicles on company business. If an employee causes injury to a third party while driving on company business, the company can be liable. A few ways to protect your business from this exposure are:

1. Require employees who regularly drive on company business to obtain their own personal liability insurance. The personal insurance policy of the employee will be primary and your business coverage excess. You should consider requiring the employee to purchase limits higher than the minimum limits required in Georgia. If the employee has the minimum Georgia liability limits (\$25,000 bodily injury each person), your policy will be “attached” much sooner than if the employee has \$100,000, \$300,000 or higher limits.

2. Check driver Motor Vehicle Reports (MVRs) before they are hired and annually thereafter. New hires with poor driving experience should not be given driving responsibilities. Employees who develop poor driving experience should receive disciplinary action. Your insurance carrier can help you develop MVR review standards.

3. Cell phone use in cars is proving to be a distraction and is illegal in some states. Dekalb County can fine a driver if it is determined that cell phone use contributed to an accident. Ask employees to pull off the side of the road into a safe place before engaging in conversation on their cell phones.

4. Purchase adequate liability limits. Your insurance broker can help you determine the limits that are right for your exposure.

Managing your auto liability exposure even when the restaurant does not own any vehicles can help protect your insurance policy and the assets of your restaurant.

For more information, contact Dave Mathews, CPCU at (404) 949-1075.