

Large Claims Lessons Learned



Line of Business: Auto Liability Topic: MVR review and Company Vehicle Use

Claim scenario

A dealership employee was involved in an accident involving two motorcycles while driving a dealership-owned pickup truck. One of the plaintiffs claimed the employee made a sudden lane change, slowing his vehicle down before making a left-hand turn into a crossover designated for authorized vehicles only. This forced the motorcycle driver to slam on the brakes and swerve to avoid a collision. The other motorcyclist struck the rear tire of the plaintiffs' bike, and both driver and passenger fell to the ground. Both occupants of the motorcycle were hospitalized with multiple injuries, and required treatment beyond their hospital stay. One of the plaintiffs did have significant pre-existing medical conditions.

The employee was authorized to drive the vehicle, but he was on a personal errand. He stated he was not making an illegal turn, rather pulling over to check his vehicle as he thought he ran over something. Both the dealership employee driving the pickup and the other motorcyclist were named in the police report as contributing to the accident. The report included testimony of seven witnesses, all friends of the plaintiffs, corroborating the plaintiffs' statement.

Financial impact:

This claim may have a financial impact of up to **\$1,200,000**.



Lessons learned

1. Personal use of company vehicles increases liability. Allowing employees to use dealership vehicles for personal errands can expose the business to significant risk, especially when incidents occur outside of work duties.
2. Regular Motor Vehicle Record (MVR) reviews are essential. MVR checks help ensure only qualified, responsible drivers are entrusted with company vehicles.
3. Witness testimony can heavily influence outcomes. Even with conflicting accounts, multiple corroborating witnesses can significantly strengthen a plaintiff's case.
4. Pre-existing conditions don't eliminate exposure. Plaintiffs with prior medical issues can still claim exacerbation of injuries, leading to extended treatment and higher settlements.
5. Ambiguity in vehicle use policy creates risk. Lack of clarity around when and how dealership vehicles can be used increases the chance of misuse and complicates claims defense.



Actions needed to prevent this type of loss

- Establish and enforce a clear vehicle use policy. Define when dealership vehicles may be used, by whom, and for what purposes. Prohibit personal use unless explicitly authorized.
- Implement continuous MVR monitoring. Use automated systems to track changes in employee driving records and flag high-risk drivers.
- Provide defensive driving and policy training. Train employees on safe driving practices and dealership vehicle use policies, including legal turn procedures and situational awareness.
- Equip vehicles with telematics or dashcams. Capture objective data to support or refute claims and improve driver accountability.
- Document driver authorization and training. Maintain up-to-date records of who is authorized to drive, their training status, and any restrictions.
- Implement incident-reporting protocols. Ensure prompt, accurate and thorough documentation of all vehicle incidents, including collecting independent witness statements where possible.



Loss prevention/risk management resources

Zurich offers a wide range of tools and services to help dealerships reduce liability and improve operational safety, including but not limited to:

- **Risk Management and Loss Prevention for Auto Dealerships:** Includes MVR reviews, dealership walkthroughs and driver safety tools.
- WebMVR portal for continuous driver monitoring: Access and monitor MVRs to ensure only qualified drivers operate dealership vehicles.
- **Automotive Resource Hub:** Articles, webinars and tools to support dealership operations and risk management.

By leveraging Zurich's resources and taking proactive steps, your dealership can better protect its people, vehicles and reputation.

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1299 Zurich Way, Schaumburg, IL 60196-1056 800 382 2150 www.zurichna.com

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