

# The Million Dollar Decision You Never Made

By Jeff Fetters, Federated Insurance

As a business owner, you make important decisions affecting your business every day. Many decisions might be considered routine and not likely to have a major impact on your bottom line. In fact some decisions, such as whether or not to hire a particular applicant to work at your company, is likely made by the department manager or supervisor of that new employee. Fairly routine, wouldn't you agree?

But if driving will be part of that new employee's job responsibility, and you fail to check the person's driving record (motor vehicle report), it may be the most costly hiring decision you never made! Why? Consider this scenario\*:

A 24-year old salesperson is hired and provided a company pickup on the first day of work. The sales manager did not run a motor vehicle registration (MVR) or background check before giving an employee the keys. The MVR would have shown multiple traffic citations over a three-year period, including driving under the influence of intoxicating substances, and the background check would have shown a drug-related criminal conviction.

The weekend after he was hired, the employee crashed the truck into a tree at a high speed. The driver had minor injuries, but a passenger suffered a spinal injury and was paralyzed. The driver was cited for driving under the influence of drugs.

**Potential Damage -  
\$1,000,000 or higher**

*\*Note: This example represents the type of situations that occur and the potential high cost commonly associated with this type of claim.*

**Had the owner known the history of this employee, the person never would have been hired.**

Even though this business owner normally checked the driving records of new salespeople, this time the sales manager was busy preparing to leave on a business trip and skipped both the MVR check and the background check. In addition, the company's hiring procedures included giving new salespeople a copy of its

Driving Policy and reviewing the Vehicle Usage Policy during the first day orientation. But this time the sales manager was gone and nobody followed through.

## Could Something Like This Happen at Your Business?

You might say, No, because we don't provide vehicles to salespeople. Think again ... the driving exposure still exists in nearly all facets of your operation. Perhaps you furnish vehicles to key managers. You may have service employees that drive to customer locations, employees who drive on errands, or even family members who drive company vehicles. What would their driving records reveal?

Even if you checked an employee's driving record at the time of hire, how long has it been since you updated your records?

In 2003, your Association's recommended insurance provider, Federated Insurance, introduced a new driver evaluation program nationwide called "Making the Tough Call." It is an organized effort to ensure that every driver of insured vehicles is adequately screened and regularly evaluated. The program goal will be accomplished by:

- Ensuring that a Motor Vehicle Record (MVR) is regularly checked for all insured drivers.
- Educating business owners on the importance of regularly obtaining MVRs on their drivers.
- Informing them of Federated's driver insurability standards.
- Advising them to use Federated's Driver Insurability Service.
- Encouraging them to establish and maintain their own driver evaluation program.

All business owners insured by Federated should check all prospective new drivers of insured vehicles before they are hired or assigned to drive. Call Federated's driver insurability service at 1-800-335-4MVR (4687). Business owners will also need to provide a list of drivers on an annual basis. Finally, policyholders are responsible to continuously implement standards for all drivers that are at least as stringent as Federated's.

How will Federated assist Association members? Federated's marketing representatives will meet with each insured member to:

- Present and discuss the video, "Making the Tough Call," with each insured member.
- Share a copy of Federated's driver insurability standards.
- Encourage business owners to implement MVR programs of their own.
- Obtain a signed acknowledgement stating that the business owner has watched the video and understands the requirement.

Allowing unqualified employees to drive for your business can have catastrophic consequences for your employees and their families, your company and society in general. Everyone loses when an unsuitable driver gets behind the wheel and destroys lives.

Your business can be impacted by the adverse publicity that often accompanies accidents involving a company vehicle. Equally significant is the liability that can be imposed upon the business owner who allows an unfit employee to drive. The "doctrine of vicarious liability" can apply when a business owner fails to practice due diligence in screening employee drivers.

Your Association and Federated recognize that this driver evaluation program is an aggressive response to the problem of unacceptable drivers. However, it is a necessary step to help business owners make certain they never overlook a million-dollar decision!

Insured Members May Call  
Federated's Driver Insurability Service:  
1-800-335-4MVR ■

## Plan to Attend Designated Risk Manager Workshops

Feb. 26 - Columbus, Nebraska  
Feb. 27 - Ames, Iowa

Registration form located inside  
this magazine.