

Commercial auto—client use information: negligent entrustment

Companies can be held liable if an employee has an accident in a personal or company vehicle, but a sound risk management strategy can help reduce million-dollar verdicts of negligent-entrustment lawsuits.

Negligent entrustment

A company could be liable for damages if an employee has a collision while driving for work purposes in either their own or a company-supplied vehicle. A negligent entrustment claim could occur if a company has a weak or nonexistent fleet risk management program, regardless of who's at fault in the accident.

The principle of negligent entrustment is not based on negligence of the at-fault driver, but on negligence of the company for supplying a vehicle to a driver who is not subject to any assessment, license record checks, motor vehicle record checks, driver safety training and ongoing activity/performance monitoring.

More and more companies are subject to negligent entrustment lawsuits, as the victims and their attorneys are often awarded large payouts. Negligent entrustment implies that an employer knew, or should have known, that they put an unsafe driver behind the wheel of a company vehicle.

Expensive precedents

Negligent entrustment is at the center of this motor vehicle accident example:

A young driver is turning left at an intersection when a pickup truck traveling in the opposite direction strikes the vehicle, killing the young driver. The parent of the young driver sues the truck driver and his employer, claiming that not only was the truck driver driving too fast, but that the company committed negligent entrustment of a vehicle to a driver who had multiple motor-vehicle citations on his driving record.

Summary

- Negligent entrustment is the negligence of employers in supplying vehicles to drivers without subjecting them to assessment, license record checks, motor vehicle record checks, driver safety training and ongoing activity/performance monitoring.
- Negligent entrustment is fast becoming a million-dollar risk for employers.
- Risk managers can mitigate the risk by instituting a clear, formal and consistent driver safety program.

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