

Q What legal obligations does my company have if an employee gets into an accident while driving a rental car on the job?

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Commercial auto policies on company cars often extend to rentals; but some don't, and, of course, not everyone has a company car to cover. In that case you can buy "hired and non-owned auto" liability coverage, which protects your company if an employee has an accident while driving a rental or his own vehicle on a business trip, or even when meeting a client for lunch. (Commuting generally isn't covered, although pervasive use of cell phones and BlackBerrys makes that whole area a little squidgey.) A \$1 million policy costs about \$100 to \$200 a year.

But liability insurance covers only damage to the other car, not damage to

the rental. If your employees charge their cars to a corporate credit card there may be some built-in collision coverage, but probably not very much. Of course, the rental car company will be happy to sell you coverage for a price just north of exorbitant. A “hired car physical damage” policy is probably more economical, suggests Gerrie Bischoff, president of the Insurance Advisory Center, a consulting firm in Columbia, Md. Plan to pony up \$50 to \$100 a year for a \$25,000 policy.

To minimize accidents, establish rules for appropriate driving behavior. Most important, avoid DUIE (driving under the influence of electronics) by banning the use of cell phones—or at least require hands-free headsets. Several state and local governments prohibit the use of hand-held phones while driving. If your employee gets into a serious accident in one of those jurisdictions, you could be slapped with a civil lawsuit.