

## **Protecting the shop with motor vehicle reports**

By Kenneth Golsan

Published in Auto Pro and The Golden Eagle –1994

Rick was an exemplary employee. Dedicated to the body shop, patient with insurance adjusters, courteous with customers, and committed to his continuing education of collision repair. Only one minor, but potentially problematic flaw existed. Rick had a bad driving record. While driving his personally-owned Mustang, Rick acquired three speeding tickets, had been in one major accident, and had received an advisory letter from the Department of Motor Vehicles warning him of their intent to cancel his drivers license should further violations arise.

### **What did all this mean to the body shop?**

The shop could, from a legal standpoint, be financially devastated by Rick's driving activity. As long as the shop is unaware of his driving record, fails to react or plan appropriately, and forgets to document their records adequately, a time-bomb of legal devastation exists.

Who is given the authority to drive at your body shop? Do you regularly check driving records? Is the shop aware of the potential legal ramifications concerning employees' driving habits? How does the shop benefit from maintaining up-to-date motor vehicle reports?

The purpose of this article is to explain why it is important for a body shop to stay abreast of its employees' driving records, and how the shop can benefit from this.

In representation of a body shop as their insurance agent, we request a complete list of all employees, their date-of-births and drivers license numbers. The Department of Motor Vehicles via computer will send us up-to-date motor vehicle reports on each employee. That information is immediately sent to our body shop clients for their files. Understanding insurance companies requires a list of shop-authorized drivers only, many shop owners are puzzled by our request. Maintaining a complete list of employees' driving records in-house is important for several reasons.

### **Getting a better garage Insurance premium**

The employee base as a group underwriting risk will almost always look more attractive. The greater the number of clean driving records — the more

attractive the group becomes, which equals better rates. It may be beneficial for the insurance agent, in representation of the shop, to submit a complete list of employees and their driving records to help negotiate a better premium. Over time, the shop's clean claims experience should constitute a reduction in insurance costs as well.

All employees are considered "insureds" under the garage liability policy. Beyond an insurance company's attitude toward poor drivers, many civil courts will maintain that it is the shop's responsibility to be aware of their employees driving records and manage the employees driving exposures accordingly. Courts will uphold this responsibility as a "duty to the public" inherent in any business operation.

### **Solutions**

To alleviate this legal exposure, acquire motor vehicle reports on all employees, even the shop owner, on a regular basis. Communicate with potentially problematic employees, and express how the shop's profitability, in which everyone shares, is directly affected.

It is impossible to avoid all legal claims against one's business. However, by maintaining up-to-date motor vehicle reports, at least the business can argue to a third-party outside claim that it was making its best effort to manage employees properly.

On a regular basis we run motor vehicle reports for our garage clients. Garages with larger employee base may find it advantageous to set up a direct line with the Department of Motor Vehicles. For an annual setup fee of \$25, the DMV will notify an employer of any time an employee receives a violation. Employers receive notification of any type of "activity" or citations a few days after the occurrence.

Managing the driving exposures can be difficult, With little "risk management" and team communication between your insurance agent, your insurance company and your employees, not only will the shop reduce its legal exposures, but it will enjoy reduced insurance expenditures as well.

**Visit <http://www.golsanscruggs.com/garage> to read other articles relating to auto services risk management by Kenneth Golsan.**

**Protecting the shop with motor vehicle reports**

By Kenneth Golsan

Published in Auto Pro and The Golden Eagle –1994