

COMMERCIAL AUTO

INSURERS SCOUR DRIVER MVRs BEFORE POLICY BINDING

WHEN PRICING commercial auto policies, insurers want to know that employers, especially those with fleets, have drivers with clean driving records and don't pose a risk. The main tool they use is motor vehicle records, and if one of your drivers has a bad one, the insurer may require that they don't drive for you as a condition of binding the policy.

MVRs issued by state departments of motor vehicles detail driver's license status, violations and accident history, typically covering the previous three years. While insurers rely on these reports, they are just as important to employers to better manage their organization's risk.

The Department of Transportation and the Federal Motor Carrier Safety Administration also require employers to review MVRs before hiring and at least annually. But many firms are moving toward continuous monitoring to catch problems.

Insurers define "acceptable" drivers differently, but most adhere to these guidelines (obtained from MVRs):

- **Validity:** A valid driver's license from their state of residence.
- **Experience:** At least two to five years of licensed driving experience.
- **Violations and accidents:** No more than two moving violations or at-fault accidents combined within the last three years.
- **Serious offenses:** Zero major violations in the last three to five years, including DUI/DWI, reckless driving, driving with a suspended license or hit-and-run.

If you employ drivers, define clear thresholds for driver eligibility. While policies vary, best practices thresholds generally include:

- **Major violations (typically unacceptable within 1-5 years):** DUI/DWI, reckless driving, excessive speeding, fleeing law enforcement, driving with a suspended license or leaving the scene of an accident.

- **Minor violations (limited tolerance):** No more than two violations in the past 12 months and no more than three in 36 months.
- **Accidents:** One to two preventable accidents in three years may be acceptable, depending on severity.

How insurers use MVRs

- **Underwriting and renewals:** Insurers check MVRs upon application and often during policy renewals to determine insurability and risk.
- **Preventing negligent entrustment:** Reviewing MVRs protects the company against accusations of knowingly allowing an incompetent driver to operate a company vehicle.
- **Cost management:** A clean driving record is crucial, as too many infractions can lead to more claims.

How they benefit employers

- MVRs identify high-risk drivers before they are hired.
- They help prevent accidents tied to unsafe driving behavior.
- They help reduce exposure to lawsuits and insurance claims.
- They demonstrate compliance with DOT and federal safety rules.

What employers can do

Employers should apply these standards to all driving staff:

- Screen all new drivers before hiring them.
- Conduct MVR reviews upon hiring and at least annually.
- Consider continuous monitoring for real-time updates.
- Establish policies outlining acceptable driving standards.
- Require drivers to acknowledge policies and consequences of breaking them.
- Investigate discrepancies between self-reported violations and MVR data.