

## PRIVATE CITIZENS IN CITY VEHICLES

**QUESTION:** Are citizens, non-employee passengers, covered while passengers in City vehicles?

**ANSWER:** Yes, No and Maybe. If the driver of the City vehicle is at fault for the accident, coverage is limited for passengers, and also coverage may be limited if the other driver is at fault.

**Under the NCLM - IRFFNC/Property & Liability Program: Business Automobile Liability** Coverage applies to all owned automobiles. Coverage applies to **bodily injury** caused by a covered automobile, however, *participants* are excluded (example: employees, appointed or elected officials- The Employees, appointed or elected officials that are **injured while in the course of employment** would be entitled to workers compensation benefits according to law) Other individuals who are injured while riding in a covered automobile are covered through Automobile Liability coverage according to the Coverage Form. See limitations.

Remember – your Auto Liability Limit can be exhausted / used up! If for instance you have \$1,000,000 AL Limit and your driver hits another vehicle – the City coverage would have to pay for the Property Damage to the vehicle or vehicles you hit, Bodily Injury damages to the passengers of the other vehicles AND Bodily Injury of the passenger in your vehicle. The \$1,000,000 limit can run out pretty fast in this situation.

Also – consider the situation where it is NOT your employee/driver's fault. If the accident is caused by the other driver what limits does he have? In NC he is required to have a minimum of \$30,000 per person hurt, \$60,000 total for all persons hurt and \$25,000 for any Property that is damaged. So, if an employee and his wife or children are hit by another person.... There is **ONLY \$60,000 FOR ALL PARTIES INJURED IN THE ACCIDENT!** Max \$30,000 per person hurt, (*they may have higher limits but a large number of NC citizens have the minimum required by law*) So what happens then? The passengers may be left with huge medical bills!

AND – what if the driver of the other vehicle is driving without insurance (uninsured) ? The employee can collect under the City's Workers Comp IF they were on City business. The passenger may be left out in the cold with huge medical bills! (It is uncertain whether a person can collect under their personal Uninsured Motorist coverage if they are not in their own personal vehicle – each driver will need to check with their personal lines agent to find out)

*The NCLM - IRFFNC/Property & Liability Program urges the respective managers, boards and councils of municipal entities to either not allow members of the public to ride in municipal vehicles or allow on only a limit basis. Administrative policies should clearly address the procedures to be followed by all employees.*

If you have any further questions or concerns do not hesitate to call us at the League at 1-800-228-0986. We look forward to providing you professional risk management services.