



# RISK BULLETIN

## The Value of Motor Vehicle Report Reviews

### CASE STUDY

The owners of a chemical company hired a new maintenance person to handle internal repairs. The employee was required to run local errands to pick up parts. Before handing him the keys to a company pick-up truck, the owners dutifully checked the young man's driver's license, which



appeared in order, but did not order an MVR. Several weeks later the employee ran a red light and struck another vehicle at high speed, killing the occupant. A police investigation revealed that, three months before he was hired, the employee's license had been suspended due to citations for speeding and

failure to yield. The deceased person's estate sued the company owners for negligence and they were forced to cover the settlement and legal fees.

### WHY CONDUCT MVR REVIEWS?

A simple review of the employee's motor vehicle record (MVR) could have spared these business owners the trauma of this court decision by revealing their employee's reckless driving habits and lack of a current, valid license. Conducting an MVR review will verify whether a driver has a

current license and also provide a past history of the driver's operating citations and accidents. Obtaining this information is a vital tool to assist in both driver selection and ongoing qualification. Research has proven that MVRs can help predict the likelihood of a driver's involvement in a future crash because accident risk increases in relation to the number of accidents or citations on a driver's record. Multiple "moving" violations on a candidate's MVR suggest that the individual is not a good choice for a job that involves extensive driving duties and also indicate the person may be reckless or indifferent to following rules. A "clean" driving record, especially over years of driving, says something about a person's maturity and sense of responsibility. Conducting MVR reviews also reduces the risk of allegations of negligent hiring if an employee should be involved in an accident. Lastly, by highlighting trends, MVR reviews may indicate when driver training for existing employees will be beneficial. Training will emphasize the company's commitment to safe driving and help reduce the possibility of future citations or accidents.

### WHEN TO CONDUCT REVIEWS

MVRs should be obtained and reviewed for all applicants who will have driving responsibilities, either in a company vehicle or a personal vehicle on company time. A second MVR should be ordered six months following the hiring of a new employee to confirm there were no previous issues which required them to search for new employment. MVRs should be obtained at least annually thereafter for each employee who drives to ensure their continuing qualification. Many third-party vendors offer multiple follow-up

checks and at least two states offer employers an automatic alert system that will notify them when an entry is made to a driver's MVR. These services are recommended because they alert an employer shortly after a conviction has been made. This is especially important in the case of serious violations or license suspensions. You do not want to find out months after the fact that a driver has been operating your vehicle with a revoked or suspended license.

Drivers may change their state of licensure to spread their accident and citation record to make their record in any one state look better. Consequently, it is important to request MVRs from all states where an applicant has held a license in the recent past (typically a 3 – 5 year window). Be sure to obtain records for at least the past three years and keep in mind that many reportable accidents and traffic citations never appear on an MVR because they are dismissed through attendance at traffic school or court supervision. An MVR portrays the “best case” scenario; a driver's record may actually be much worse than it appears.

#### WHAT TO LOOK FOR

With the risk of accidents and violations not appearing on an MVR, it is even more important to assess the entries that do appear. The obvious preference is a “clean” record, but this may not be a practical expectation in a tight labor market. Each organization must determine its own tolerance for risk and devise criteria to define an acceptable MVR, indicators that trigger disciplinary action or mandatory driver training, and violations that immediately disqualify the driver from operating any vehicle on company business. Many organizations establish criteria which the MVR must meet for an employee to be permitted to operate a company vehicle. When entries on an MVR pass a certain threshold, disciplinary action or immediate suspension from driving duties is triggered. Such a threshold encouraged

by the XL Insurance companies for at least the most recent three years consists of:

- No more than 3 moving violations;
- No more than 2 accidents;
- No combination greater than 3 violations and accidents;
- No DUI, DWI, reckless driving, or vehicular felonies;
- No speeding violations greater than 20 mph over the posted limit.



A person's license should be from the state where they reside. Any exceptions should be investigated. Also check the year the individual's license was issued. This will help establish qualifications if the company has a minimum experience requirement. And since most people obtain their licenses by their late teens, look for issue dates within the past few years. If the applicant or employee is 25 years or older, this could indicate that licenses are held in other states or that there are other irregularities. Careful evaluation is important, both for what is on the MVR and for what is missing.

Timely and thorough review of MVRs for all applicants and employees is “cheap insurance”. It can help control your risk, catch trends before they cause losses, reduce your claims, and even save your business.

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