

# THE INSURANCE ADVISOR

For America's Churches and Related Ministries from Brotherhood Mutual and Its Agents

## TAKING THE CONFUSION OUT OF BORROWING AND LEASING

ISSUE 16—WHAT DO YOU NEED TO KNOW ABOUT BORROWING OR LEASING A VEHICLE?

*When you borrow or lease a vehicle, make sure everyone knows who's responsible for damage done to others or to the vehicle.*

**F**rom time to time, your church or ministry may need to borrow or lease a vehicle for a special event. Here are some points you should consider before using a nonowned vehicle.

### BORROWING VEHICLES

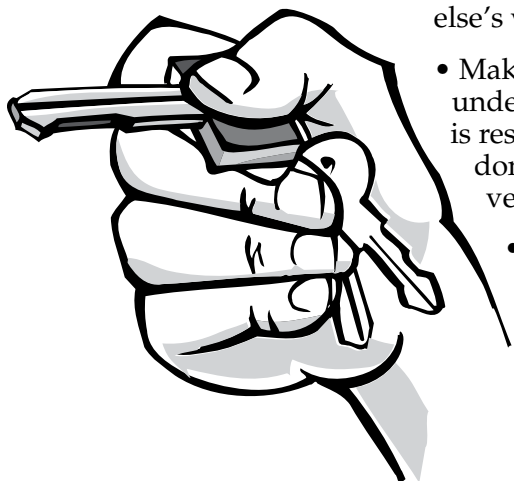
State laws mandate that vehicle owners (including owners of rental vehicles) be responsible for damage caused by their vehicles. However, if the owner doesn't have adequate insurance, the driver's auto policy may come into play if an accident occurs. Both owners and drivers should be aware of such things.

Because borrowing a vehicle can be a complex liability matter, review these points with the owner before you use someone else's vehicle:

- Make sure the vehicle owner understands that his insurance is responsible for any damage done by the vehicle or to the vehicle.
- If someone other than the owner will be driving the vehicle, obtain information on the owner's insurance (company name, policy number, and policy term) and give this information to the person

who will be driving the borrowed vehicle. The driver will need this information if an accident occurs.

- Make sure drivers understand that their auto insurance may become involved, especially if an accident is their fault.
- Verify that the vehicle is in good working order. Discuss any maintenance or operation requirements the owner wants you to follow.
- Give the owner the opportunity to approve or disapprove the individual(s) who will operate the vehicle on your behalf. Don't permit youthful operators (younger than 21) or people with poor driving records (at-fault accidents, moving violations) to operate a vehicle on behalf of the church or related ministry.
- Agree with the owner or driver on who will be responsible for any comprehensive or collision deductibles which might apply to damage done to the borrowed vehicle.
- For long trips, ensure a sufficient number of drivers so that no one is required to drive more than three hours at a stretch.



*If the vehicle will be used for the benefit of your church or related ministry, rent it in your organization's name.*

## LEASING VEHICLES

When obtaining a vehicle from a car rental or leasing firm, be aware of these issues:

- What primary liability and physical damage (comprehensive and collision) protection does the rental agency provide with the vehicle? The answer to this question will help you determine if whether you need to purchase separate coverage for yourself and the vehicle.
- Rental firms often provide collision coverage subject to a high deductible. If you can't afford to pay the high deductible out of your operating budget, purchase the collision damage waiver coverage as part of your lease agreement.
- Occasionally, the leasing agency provides no physical damage coverage. If that's the case, call your Brotherhood Mutual agent before picking up the vehicle to ensure you're adequately covered. Brotherhood's Rental Vehicle Physical Damage (BGL-71) coverage provides primary coverage up to \$45,000 with a \$250 deductible.
- Register with the rental agency all people who may operate the vehicle. Don't permit anyone else to operate the vehicle. Doing so may violate the terms of your lease.
- Remember, your organization's nonowned vehicle coverage typically operates on an excess basis to all other insurance policies.

## FACTS ABOUT YOUR POLICY

Most churches purchase non-owned auto liability coverage as part of their church insurance program. Check your policy to make sure you have this coverage.

If your church is sued for an accident that occurs while operating a borrowed or leased vehicle, this coverage works on an excess basis. It's available after the vehicle owner and driver have filed a claim with their insurance company, the primary insurer. The vehicle owner and driver must go to their insurance company first.

If the vehicle owner and driver don't have adequate coverage, your excess or "back-up" coverage will protect your church. Be aware that it offers no protection, however, for the vehicle owner or for the driver of a borrowed vehicle.

\*Every insurance policy contains limits, conditions, and exclusions. Read your policy carefully, because it may not respond to all claims for damage.



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