

rmp

Motor vehicle insurance
Use by volunteers of their
own vehicles



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Overview

The following paper is designed to bring the subject matter to the attention of interested parties, and in no way does it offer, or attempt to offer, a definitive legal view, interpretation of the law, or comment on the views and position of other insurers. Readers should always seek their own advice and guidance from suitably qualified legal and insurance organisations.

A not untypical enquiry we deal with on a regular basis is what insurance is there within the parameters of the authority's insurance programme for volunteers who are using their own vehicle, arguably for the benefit of the authority. For these purposes a volunteer might be a parent taking a sports team to a match or a social services volunteer delivering meals.

There is a fundamental principle within motor insurance that the insurance cover should ideally follow the registered owner of the vehicle. In this context then in the first instance the parents, or the social services volunteer, should contact their own motor insurers and enquire whether such insurers are happy to treat the usage of the vehicle in this way as an extension to the Social and Domestic Pleasure coverage. Assuming the volunteer does not get paid for the activity and it is purely voluntarily, then most reasonable insurers should take a realistic position and confirm that the policy will operate to offer an indemnity.

It should be recognised though that if such a matter was to come before the courts then it may well be the courts who decide with insurers and the police purely taking a view on the matter, as to whether a usage is Business or Social Domestic and Pleasure usage.

The following two legal precedents are useful when considering such scenarios:

'...If the policyholder ... gave a lift as a matter of kindness, courtesy or charity ... the proper view would be that the car was being used for a social purpose.'

Passmore v Vulcan Boiler and General Insurance Co Ltd (1935)]

However, a more modern day approach is for the court to look for the primary purpose, or essential character, of the journey when deciding the use of the vehicle. They **'should not be meticulous to find some possible secondary purpose ... the result of which could be suggested to be that the use ... fell outside the proper use...'**

[Seddon v Binions (1977)]

In this case they go on to say where there is a definite case of the vehicle being used for two 'purposes' then the decision in Passmore would still be valid.

In our example of the parent, the question that needs considering is whether the offer of taking children constitutes an act of kindness, courtesy or charity or would the primary purpose of the vehicle being used be that of the authority? A considered view maybe that the use would be construed as social, especially if the parent is purely transporting their own child. However, if a formal arrangement exists between the school and the parent(s) to transport other children (as opposed to arrangements between the parents themselves) then it possibly edges more towards business use. Any payment to the parent, however small, may strengthen this argument.

Where an insurer refuses to offer the coverage they may well suggest that such usage is actually the usage of the authority (which arguably it is), and that the only way they can extend the policy is by way of endorsement for an additional premium, or refuse altogether and place the onus for the cover back with the authority. Some volunteers may indeed view this as the most desirable route, especially if a charge is likely to be made. Volunteers should be advised that should they continue to drive as a 'volunteer' in circumstances, where their insurer has refused to extend the motor policy, then they could be potentially driving uninsured.

One solution available to authorities is to arrange a separate occasional business use (OBU) extension to their fleet policy and to allow this extension to be used by the parents/volunteers, when transporting children to and from organised activities.

This would give the volunteer the appropriate motor insurance cover required. The OBU coverage would offer no greater cover to the volunteer than they enjoy under their own motor policy coverage.

OBU coverage should not be confused with Motor Contingent Liability (MCL), which is a feature of most public liability and motor insurance covers. An MCL extension only provides coverage to the authority (not the driver), for third party risks when a non-authority owned vehicle is being driven on the business of the insured and is not insured for such usage.

Further information

For access to further RMP Resources you may find helpful in reducing your organisation's cost of risk, please access the RMP Resources or RMP Articles pages on our website. To join the debate follow us on our LinkedIn page.

Get in touch

For more information, please contact your RMP consultant or account director.

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