

Think Before You Loan

IS IT A GOOD IDEA TO LOAN OR LEASE YOUR VAN OR BUS?

Has your church or school ever been asked to loan one of your vans or buses to another?

Brotherhood Mutual recommends that you do not make your vehicles available to other organizations. If you want to help them, consider assisting them financially in leasing or chartering a vehicle from a rental agency, rather than running the risk associated with loaning or leasing your own vehicle.

If you do choose to allow another party to use your vehicle, here are some important things to consider:

- Your church or school will be held fully liable for damage caused by the negligent operation of your vehicle by others.
- Your policy covers you and your organization, but it may not adequately cover others outside your organization. The vehicle user may assume he has complete protection under your policy for his liability.
- If the user damages your vehicle, he most likely will expect you to turn in the damages under your insurance rather than pay the damages out of his own pocket.
- When you loan or lease your vehicle, you lose all supervisory control over who may drive it and how it's operated and cared for.
- Specify in writing who will be responsible for damage to your vehicle. If the other party agrees to be responsible, it will have to purchase special physical damage protection. This coverage should be verified on a certificate of insurance given to you.
- Outline your requirements to the user regarding who may operate your vehicle and under what conditions. Make sure that the driver has a valid license, a good driving record, and experience operating your type of vehicle.
- Don't loan a vehicle that is not in top mechanical condition.
- Don't lease it for hire without having your attorney verify that you comply with state and interstate laws governing vehicles operated for the purpose of transporting passengers for hire. Stricter standards apply when you lease than when you loan.
- Make sure the vehicle will be used for church or church school activities. If it's used for some other activity or commercial purpose, this may void or limit your coverage.

