CAMBRIDGE
PROPERTY & CASUALTY

AUTO MANUFACTURER EMPLOYEE AND VENDOR DISCOUNTS: IS IT WORTH IT?

Auto makers offer attractive discounts to employees, vendors, related parties, etc. In order to take advantage of these discounts, the automobile needs to be purchased or leased in a qualifying name. Often the qualifying person will allow relatives or others to have the regular use of these vehicles.

There are some major disadvantages to allowing your name to be on the lease or title of a car driven regularly by another person.

1. Under the Michigan statute, the titleholder or lessee is liable for injuries arising out of the use of an automobile. For example, a $10,000,000 claim arising out of another person's use of an automobile you own or lease is a claim against you.

   If the driver has insurance on your auto and you are included as an additional insured and if the limit of liability under that policy is sufficient, your personal assets and driving privileges may not be touched.

   Unfortunately, this is unlikely to be the case. All too often limits purchased are low (i.e. $100,000 bodily injury per occurrence), and the policy typically fails to adequately include the title holder as additional insured. Furthermore, you, the owner or lessee of the automobile, will not even know if the policy is cancelled.

   Your own insurance will not protect you because this automobile presumably has not been scheduled on your policy.

2. Another major disadvantage involves the loss of your driving privileges, certificates of registration and license plates. Under the Michigan Motor Vehicle Code, your driving privileges, certificates of registration and license plates are suspended until the judgment is satisfied pursuant to the Motor Vehicle Code provisions.

3. Furthermore, if the injured person does obtain a judgment against you, all of your personal and business assets can be seized to satisfy that judgment.

Thus, is it worth jeopardizing your personal and business assets as well as your driving privileges by putting your name on a title or lease in order to get another person a discount on an automobile?

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