Presentation Considerations

**The Company**
- Anything that you can do to make your fleet risk look better to an underwriter vs. the average company will improve the likelihood that you will get the best premium rates, broadest coverage terms and lowest deductibles compared to your competitors.

**Insurance brokers/agents**
- Understanding what your client is doing to manage fleet exposures will enable you to negotiate the best terms and conditions at renewal time.
- This presentation will also enable you to "add value" to your client by recommending practices that they may not be incorporating in their current fleet management processes.

**Underwriters**
- This presentation will enable you to look beyond the normal "renewal application" and identify factors that differentiate good risks from great risks. These fleet management best practices will give you tangible underwriting documentation to give the maximum discounts possible for truly best-in-class company.
Historical Perspective

- Over 100 years ago, the world entered a new phase – the age of the automobile.
- With a mechanical device capable of transporting not only people, but products and services as well, life changed forever – good, bad or indifferent.

Recent Perspective

- Vehicle crashes are the ninth leading cause of death globally, and the leading cause of occupational deaths in the United States workplace.
- According to the U.S. Census Bureau Statistical Abstract of the United States: 2012, there were 10.8 million motor vehicle accidents in 2009.

Recent Perspective (cont.)

- Vehicle accidents are costing U.S businesses over $276 billion annually.
- Indirect costs associated with vehicle-related accidents is estimated to be 5-10 times the cost of repairing the damaged vehicle.
- In 2010, Insurers paid $392 million EACH DAY for traffic accidents involving an injury and the DAILY cost of accidents involving a fatality was $548 million.

Recent Perspective (cont.)

- "It is important to note that costs resulting from a collision are rising at a time when the number of fatal and injury crashes are on the decline", according to National Coalition of Safer Roadways (NCSR).

Recent Perspective (cont.)

- The National Safety Council called on all Americans to get involved in the Decade of Action for Road Safety 2011-2020, an initiative of the World Health Organization (WHO).
- The Decade seeks to prevent vehicle deaths and injuries experts project will take the lives of 1.9 million people annually by 2020.
Bad driving habits are illegal, but socially acceptable.
• Speeding
• Illegal lane changes
• Running red lights
• Not wearing safety belts
• Cellphone usage****

Are these victimless crimes?
• How many of you would admit to other illegal acts?
• Legal consequences are not usually severe...UNLESS

Employee misconduct and potential for serious injury or damage to vehicles.
• Seatbelt usage
• Speeding and reckless driving
• Cellphone usage****
• Driving while under the influence
• Vehicle use by non-employees
• Vehicle inspections and maintenance

Nearly every industry firm has vehicles to support its business operations?
• Such vehicles are a “tool of the trade?”
• Tremendous resources are focused on industry fleets?
• Some industry firms have some of the country’s largest vehicle fleets?
Unlike traditional trucking companies, it is not unusual in some industry’s for multiple employees to be in the same vehicle at the same time.

Motor vehicle accidents often expose your firm to both auto and workers’ compensation losses (potentially other coverages as well).

Fleets that do not have an active risk management program increase the likelihood of serious consequences from this loss exposure.

Fleet Related Losses

- Fatigue/Wellness – 2 fatalities – driving 2.5 hours one way, afternoon sun in eyes, not properly eating during the day
- Fell asleep on 4 lane road, rear-ended the car stopped at the traffic light
- The driver of the car was taken into custody and did have criminal charges pressed
- Settlement was $7 Million

- Failure to secure the load – two different claims – both times the part of the unsecured load flew out of the truck
- Worker stopped to retrieve and was hit by oncoming vehicles
- One is ongoing, the other settled for $2.1 Million and the driver lost his leg

- Travelling distance from work camp to site – multiple parties in one vehicle
- Weather conditions can be adverse, i.e., fog, rain, snow...
- No traffic signals for intersecting roads onto highways
- Three injuries, one quad, WC and AL exposures in excess of $5 Million
Key Elements that lead directly to major focus areas of high operation organizations’ quality Fleet Management Programs

- Good drivers
- Good equipment
- Good training/education/instruction

Interactive Fleet Safety Triangle

- 5% Environment
- 5% Vehicle
- 90% Driver

ACIG Results

ACIG Fleet Breakdown 2004-2015

- Private Passenger Autos & Light Trucks (<10,000 lbs):
  - 54.56%
- Medium Trucks (10,000 lbs < GVW < 20,000 lbs):
  - 13.43%
- Heavy Trucks (>20,000 lbs):
  - 19.91%

Project Lifesaver – Auto Liability – PLS Rate
Per 100 Units

- 50% Reduction since inception

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Key Solutions

- Using practical solutions, looking at both strategic thinking and tactical execution
- A best-in-class Fleet Risk Management Program will be a subset of an overall Safety Management System, including the following key program elements:

Solutions

- Management Support and Commitment
- Written Fleet Safety Procedure
- Fleet Safety Administrator
- Driver Selection Process
- Training and Education
- Accident/Incident Investigation and Reporting
- Vehicle Maintenance Program

Solutions (cont.)

- Vehicle Use Policy Statement
- Driver Acknowledgment Forms
- Program Review/Audits
- Driver Monitoring
- Garage Inspections
- Enforcement

“You can’t expect if you don’t inspect.”

Management Support and Commitment

- Set the culture
- Support the program
- Support the people/team
- Active engagement
- Lead by example

Walk the Talk or Drive the Talk
Sample – Internal Fleet Safety Task Force

- Develop a World-Class Fleet Safety Program
- Reduction in Auto Liability Losses
- Develop Better Fleet Safety Resources
- Benchmark with the Industry Leaders
- Develop Best Practices
- Improve Education/Training
- Create Evaluation Criteria
- Continue Overall Improvement

Goals

Written Fleet Safety Procedure

- Serves as the corporate directive
- Establishes the importance of a safe fleet operation.
- Outlines the areas of responsibility for the program

- Areas often overlooked
  - Drug and Alcohol Testing
  - Load Securement
  - Fatigue
  - Wellness
  - Road Rage
  - Distracted Driving
  - THE IMPORTANCE OF SEATBELT USAGE

Written Fleet Safety Procedure

- Serves as the corporate point person
- On road and off road equipment
- Oversees the corporate fleet safety
- The conduit for communication between departments
- Helps develop, evaluate and enhance the fleet safety program

Fleet Safety Administrator

- Serves as the corporate point person
- On road and off road equipment
- Oversees the corporate fleet safety
- The conduit for communication between departments
- Helps develop, evaluate and enhance the fleet safety program

Who Is On Our Team?
**Driver Selection Process**

- Motor vehicle record checks
  - At time of hire
  - Annually
  - Monthly
  - Ongoing
- Background checks
- Reference checks
- “In Chair” Testing

**Think about This**

- Qualified drivers – Who is approved to drive?
- Handing keys to “run an errand” or asking someone to stop on the way home or on the way back in the next morning to pick up something for the job (including food).
- The company will become vicariously liable for the actions of that driver when in the course and scope.

**Qualified Drivers**

- If the worker has a bad driving record, or the company has an approved drivers list and this particular driver was not on it, any fault will be carried over to the company.
- Since the company usually has the deep pockets, it becomes the targeted defendant.

**Policies and Procedures**

- Written policies and procedures must be adhered to all times.
- If no written policy or procedure, the test becomes what would the average prudent company or business be expected to act.
Training and Education

Initially upon hiring
- Orientation
- Formal systems such as Smith System
- Ride alongs with experienced drivers
- Computer/Simulators

Ongoing
- Route familiarization
- Route planning
- Annual or biannual refresher classes

Accident/Incident Investigation and Reporting

- Review committee established
- Fleet policy outlines criteria for reporting accidents
- Corrective action policy
- Sharing of lessons learned
- Sharing of best practices

Vehicle Maintenance Program

- Scheduled maintenance
- Scheduled vehicle turnover
- Daily inspections by drivers
- Documentation, documentation, documentation
- Qualified mechanics
  - Automotive Service Excellence (ASE)
Vehicle Use Policy Statement

Proper Use of Equipment?

Driver Acknowledgement Forms

Program Review

Program Review/Audits
- Annual review by committee
  - Fleet Safety Administrator
  - Safety Committee Representative
  - Management Representative
  - Garage/Mechanic Representative
  - Driver
- Biannual review by third party
- Report shared with leadership
  - Responsible parties and timelines

Driver Monitoring

“Safety Brings You Home”
1-888-550-SAFE #JS432
Garage inspections
- Key to success
  - Not typically a focus
  - Mechanics
    - Eyes and ears of the company
    - Pride in their work
    - Know the trends

Enforcement
- Clear Expectations
  - Orientation/training/education
  - Driver Acknowledgement
  - Vehicle Agreement
- Clear Consequences
  - Progressive
    - Verbal warning
    - Loss of driving privileges
    - Loss of job/termination

Example of a load that is not properly distributed

Load Securement
- There is an expectation that items transported in or on your vehicle will stay on the vehicle until ready to be removed.
- Whether driving a tractor-trailer, dump truck or a contractor’s pickup with or without trailers loaded with tools and supplies, loads can shift, come loose and contribute to the severity of any collision.
Federal, state and local regulations for commercial vehicle weight, securing cargo, covering loads and where you can drive large vehicles vary from place to place.

Know the rules where you will be driving.

Whether or not you load and secure the cargo yourself, as the driver, you are responsible for:

- Inspecting your cargo.
- Recognizing overloads and poorly balanced weight.
- Knowing your cargo is properly secured.

Loads that can move around reduce your vehicle’s stability through turns and when starting or stopping.

Steering could be affected by how a vehicle is loaded, making it more difficult to control the vehicle.

Loose loads could even come into your cabin if you stop too suddenly, or hit a large, fixed object.

A “standard” or “legal” load during dry, clear weather may be too much to handle in bad weather or on mountainous roads – plan ahead!

Anchor points (on load and trailer)
- Hooks and clevis pins
- Chain or cable
- Load binder
- Blocking and bracing
- Bungee Cords
- Netting
Load Securement

- Making sure that your load is properly and safety secured before leaving is a critical step.
- Check the load during the trip – it may work itself loose as you drive.

Load Securement – Cab of Vehicle

**Major Exposure**

- Housekeeping within the cab of vehicle
  - Reduces the exposure of material coming into the driver's area
  - Reduces distractions

Proper Load Securement

- A poorly or overloaded loaded vehicle is difficult to operate and can contribute to excessive wear and poor fuel economy.
- Everyone benefits from a sound cargo securement policy: companies, drivers, customers and the motoring public.

Can too much technology be a problem?

- [Image of a sign indicating a crash zone]
- [Image of a cartoon discussing driver fatigue]

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Three Types of Distractions

- **Visual** – Takes your eyes off the road
- **Manual** – Taking one or both hands off the wheel
- **Cognitive** – Take your mind off what you are doing

**People who use a cell phone while driving are four to five times more likely to be in injury-causing traffic crashes.**

Source: Insurance Institute for Highway Safety

**It's a 21st Century Fact of Life**

- Millions of motorists now use cell phones when they're driving.
- A recent national survey found that roughly three of every four motorists say they talk on the phone in their cars, and another one in five admits to text messaging when they're behind the wheel.
Buckling Up Is Good for Business

Make a Difference

You
Colleagues
Family
Public

Resources

- National Safety Council (NSC)
  - www.nsc.org
- Network of Transportation (NETS)
  - www.trafficsafety.org
- ANSI-Z-15 Motor Fleet Operations (SP)
  - http://webstore.ansi.org
- National Coalition for Safer Roadways (NCSR)
  - www.ncrsafety.org

Resources (cont.)

- SAMBA Fleet Watch
  - www.sambasafety.com
- DriveCam
  - www.drivecam.com
- Wireless Matrix
  - www.wirelessmatrix.com
- Zonar
  - www.zonarsystems.com

Drivers Alert
- www.driversalert.com/hows-my-driving.aspx
American Trucking Association Safety Management Council
American Automobile Association Foundation for Traffic Safety
- www.aaafoundation.org
Resources (cont.)

- National Highway Traffic Safety Administration (NHTSA)
  - www.Distraction.gov
- JJ Keller
  - www.jjkeller.com
- Smith System
  - www.smith-system.com

Thank You

Appendix

- Fleet Survey
- Fleet Safety Program
- Cell Phone Policy
- Garage Inspection
- Hauling Agreement
- Tie-Down & Securement Safety
- Vehicle Comparison Chart