Is Fleet Safety Your Risk Management Blind Spot?

(RIC013)

Speakers:

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Learning Objectives

At the end of this session, you will:

• Understand the importance of a comprehensive fleet safety management program.

• Realize the current legal climate regarding vehicle fleets and associated collisions.

• Appreciate how aggressive fleet safety management controls may be combined with advanced technologies to manage a fleet of vehicle operators.

• Understand which advanced technologies may be paired with traditional fleet safety management practices.

• Be able to choose technologies that foster fleet safety results.

• Be in a position to create a plan to prevent/reduce lawsuits and defend your organization from nuclear (large) verdicts.
Current Risks of Operating a Fleet

What Is a Fleet?

• Vehicles of all types and sizes used to support the course of your business.
  • Commercial motor vehicles.
  • Service, utility, and light vehicles.
  • Private passenger: owned, non-owned, and leased.
  • Rental and hire car.

• All fleets carry different degrees of auto liability exposure.
• Controls must be in place regardless of size, numbers, or configurations.
Current Risks of Operating a Fleet

Why Focus on Fleet Safety?

• Leading cause of workplace fatalities/workers’ compensation.
• 1 in 112 persons will die in a vehicle collision.  
  *NSC Injury Facts 2015*
• A motor collision occurs every five seconds and a fatality occurs every 12 minutes in the US.
• $230 billion: Amount spent on collision claims yearly, which is nearly 2% of the overall US GDP.
• $1.99 billion: Annual workers’ compensation costs associated with highway incidents in the US alone in 2010.  
  *NSC Injury Facts 2014*
• $72,540: The average total incurred costs per workers’ compensation claim for motor vehicle incidents.  
  *NSC Injury Facts 2015*

Source: National Highway Transportation Administration.
Current Risks of Operating a Fleet

Deaths by Event or Exposure
United States 2011

- Violence and other injuries by persons and animals: 17%
- Contact with objects and equipment: 15%
- Slips, trips, or falls: 14%
- Overexertion and bodily reaction: 14%
- Exposure to harmful substances or environments: 14%
- Transportation incidents: 9%
- Fires and explosions: 3%
- Other: 1%
Current Risks of Operating a Fleet

Why Focus on Fleet Safety?

• Vehicle collision rates and severity are on the rise.
  • Roads are more congested than ever.
  • Distracted driving is an epidemic.
  • Vehicles are traveling at higher speeds.
  • Smaller vehicles.
  • Auto liability claim settlements are increasing at an alarming pace.

• Insurance underwriters are scrutinizing fleet operations.

• Federal agencies are introducing new and tougher regulations.
Current Risks of Operating a Fleet

Legal Exposure: Nuclear Verdicts
• $165 million: “Santa Fe Jury Awards Crash Victims Record”
• $100 million: “Largest Ever Single-family Personal Injury Settlement In Illinois”
• $ Undisclosed: “Tracy Morgan: Feds Side With Comic, Blame Sleep-deprived Trucker For Fatal Wreck”
• $24 million: “Canadian Accident Victims Receive Record Settlement”
• $21 million: “Beverage Company Hit With Distracted Driving Judgment”
• $21 million: “Permanent Brain Injury In A Car/Truck Accident”
Current Risks of Operating a Fleet

Additional Exposures:

- **Vicarious Liability**: When the employer is held liable for harm done by an employee acting within the scope of employment.

- **Negligent Hiring**: The employer could be liable if they failed to properly train the employee on avoiding distracted driving, supervise the employee, or perform adequate research when hiring the employee.

- **Negligent Entrustment**: The employer could be liable if they knew that the employee would likely be driving while distracted. For example, if the employee regularly made calls or texts while on the road as a typical method of conducting business and caused a crash, the company could be found to be at fault.
Current Risks of Operating a Fleet

Additional Exposures:
• **Dangerous Instrumentality:** If the employee caused an accident, the employer is to blame.
• **Reputational Risk:** Your company’s image is at risk when involved in such a claim.
• **Fines:** For FMCSA commercial drivers, employer fines are $11,000 and driver fines are $2,750.
Fleet Safety Management Controls

Benefits of a Comprehensive Fleet Safety Program:

• Safe Workforce: Employees return home safely each day.
• Financial Health: Reduced losses will increase profits.
• Marketability: Reduced risk will lead to reduce losses, marketability, and lower premiums.
• Workers’ Compensation Cost Reduction: Because many auto collisions result in workers’ compensation claims, fewer auto collisions may reduce workers’ compensation costs.
• Corporate Image: Another unrecognized cost of collisions.
Fleet Safety Management Controls

Fleet and Driver Safety Policy Guidelines:

• Your written game plan or standard operating procedures.
• Include only elements that can be adhered to.
• Address all types of vehicle operators including casual drivers.
• Managers and front-line employees must be educated.
• Policies should be reviewed and refreshed annually.
• Include international road safety policies and procedures.
Fleet and Driver Safety Policy Guidelines:

- Key policies that should be defined and managed:
  - Distracted driving.
  - Personal use.
  - Safety restraints.
  - Defensive driving.
Fleet Safety Management Controls

Traditional Components of a Fleet Safety Program

- Regulatory/Governmental Guidelines:
  - Federal Motor Carrier Safety Administration (FMCSA) comprehensive safety analysis.
  - State and country regulations.
  - These are the foundation for safety, but there is more to a comprehensive fleet safety program.
  - There are consequences of non-compliance.
Fleet Safety Management Controls

Traditional Components of a Fleet Safety Program

- Fleet Safety Standard Operating Procedures:
  - Driver qualifications and performance management.
  - Vehicle selection and maintenance.
  - Driver training.
  - Loss management.
  - Regulatory and governmental compliance.
Fleet Safety Management Controls

Traditional Components of a Fleet Safety Program

- **Driver Management:**
  - Define who is authorized to operate a vehicle on behalf of the organization.
  - Casual drivers versus frequent drivers.
  - Upper management.
  - Personal use and personal conveyance.
  - Non-employee use (family members).
  - Minimum qualification standards (new and existing employees).
  - Annual/biannual MVR checks, driving history, etc.
  - Performance metrics.
  - Disciplinary measures.
Fleet Safety Management Controls

Traditional Components of a Fleet Safety Program

• Driver Training:
  • Types:
    • Defensive driving.
  • When:
    • On-boarding.
    • Remedial.
    • On-going.
  • Delivery:
    • Classroom/group presentations.
    • One-on-one.
    • Self-study (videotapes, online, etc.).
    • In-vehicle.
  • Curriculum:
    • Customized.
Fleet Safety Management Controls

Traditional Components of a Fleet Safety Program

- **Vehicle Management:**
  - **Selection:**
    - Based upon safety ratings, features, or strictly pricing.
    - Fit for the work.
  - **Type:**
    - Company issued, non-owned, rental, etc.
    - Authorized non-owned.
  - **Inspections and maintenance:**
    - Preventive maintenance schedule.
    - Daily/periodic inspections.
    - Records.
Fleet Safety Management Controls

Traditional Components of a Fleet Safety Program

• **Loss Management:**
  • At-the-scene activities.
  • Reporting internally and externally.
  • Investigations.
  • Retention of evidence and documents.
  • Analysis.
  • Countermeasure identification, development, and implementation.
Managing Fleet Safety in Las Vegas Passenger Transport
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- Frias Transportation Management oversees the self-administered insurance program for its cab, VIP black car, limousine, and shuttle services in Nevada.
- ~1,200 vehicle fleet.
- 700+ vehicles on the road at any time with a 24/7 operation.
- 1,800+ non-contracted drivers, some of which are union represented.
- Self-contained operation – fleet maintenance, technology systems, body shop, paint shop, fueling stations, and car wash.
- Cab accident definition: When a vehicle hits anything other than air, including curbs.
Managing Fleet Safety in Las Vegas Passenger Transport

Our Fleet Safety Program:

• Conduct pre-hire driver background checks and test drive.
• Annual background checks with additional requirements for adverse activity.
• Orientation and training based on performance data.
• Initial and periodic defensive driving training.
• Documented fleet maintenance and security processes, including pre-trip inspections.
• Timely, accurate, and thorough documented scene reporting, investigation-statements, communication with law enforcement, and pictures.
• Guidelines for drug/alcohol testing.
• Use of in-vehicle video camera systems.
Managing Fleet Safety in Las Vegas Passenger Transport

Technology

• Investigators need to look for and document: dash cameras, navigational systems, cell phones, notebooks, laptops, etc.
• Ask all parties what they were doing just prior to the accident.
• Consider downloading an airbag control module and other in-vehicle systems.
• Look for external cameras on adjacent buildings, traffic light cameras, or pedestrians that may have captured the accident.
• Consider the use of body cams for the investigator(s). Check your state’s laws for use.
• Self-driving systems and cars.
Technology: Does It Fit Your Business Model?

• **Body Cameras:**
  - Does your state have restrictions or requirements?
  - Are uniforms or clothing capable of holding the camera in place?
  - What type do you need? Glasses, box style, pen, night vision, etc.
  - Conduct training on use, file storage, and download procedures.
  - Does it hurt your case or help it?

• **Accident Avoidance Systems in Vehicles:**
  - Consider the alert options: visual, audio, vibration.
  - What reports are you capable of receiving or want?
  - These systems are very effective in reducing accidents, especially rear ending other vehicles and side swiping.
  - Alerts can detect objects, speed, unsafe lane changes, etc.

• **In-Vehicle Cameras:**
  - Look for wide angle lens, video clarity, and downloading capabilities.
  - Determine who will review, how to store video, and reporting standards.
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Advance Technologies: Camera Systems

Source: Lytx
Managing Fleet Safety in Las Vegas Passenger Transport

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Managing Fleet Safety in Las Vegas Passenger Transport

Advance Technologies: Camera Systems

- You can’t manage what you don’t measure.
- Once captured on video and coached, behavior change is dramatic and is easily measured.

11 companies showed a decline in distracted driving over the last 14 months using video-based solution.
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Why?

• A good fleet safety program is proactive in making and keeping the drivers and vehicles as safe as possible to reduce the number of accidents and the resulting claims made.

• Good investigation provides the adjusters as clear a picture of the accident as possible and therefore enhances claim management and resolution in a timely manner, reducing surprises and claim costs.

• Using lessons learned from the drivers and data as a basis for process improvement, training focus, and driver involvement in making positive change.
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Why?

• Do this even for every minor accident because they can suddenly become very costly. Keeping the investigation routine lessens the possibility of human error.

• Return on investment (ROI) is important to us all. Less claims, lowering cost of claim resolution due to investigation findings, reducing accident exposure, and keeping our drivers on the road instead of on a tow truck makes it a winner for all.
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Results as of End of Year 2015:

• Total accidents down **12%**.
• Decreased at fault accidents by **7%** over previous year.
• Decreased overall accidents by **6%** over previous year.
• Increased percentage of early resolution closures, which decreased claim opportunities (**47%**).
• Property damage and bodily injury claim closure percentage was **58.72%** for the year.
• Increased successful subrogation results credited to the investigation.
• Significant decrease in auto liability premiums.
• And best of all…
Total Bodily Injury Paid Out Down 34%
Total Property Damage Paid Out Down 24%
Fleet Safety Best Practice Summary

Other World Class Practices:

• Driver monitoring (telematics).
• Driver and manager scorecards (predictive modeling).
• Global positioning systems (GPS tracking).
• Technologies: Lane departure, stability control, collision mitigation, active braking, adaptive cruise control, hands-off doze control, etc.
• Cell phone signal blocking.
• Fatigue monitoring.
Fleet Safety Best Practice Summary

What’s on the Horizon?

- Autonomous vehicles.
- V2V Communications.
- Platooning.
- Hands-off doze control (lane correction).
- Gamification
- Autopilot.
- Traffic decongestion.
- Pedestrian detection.
Defensibility of Your Program

How to Establish a Good Defense:

• Implement a comprehensive fleet safety program.
• Adjust operations to conform with your written fleet safety policies.
• Train drivers, managers, and staff on your fleet safety practices.
• Persuade drivers to pledge to drive safely.
• Implement processes that monitor adherence to safe driving measures.
• Administer comprehensive behavioral driving training.
• Monitor and reinforce desired safe driving behaviors.
• Utilize advance technologies to monitor and promote safe driving.
• Eliminate fleet safety management practices which may not be managed, monitored, or adhered to.
• If you have data, use it.
• Make no exceptions and eliminate the risk.
Questions?
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