

## **Fleet Safety: A Critical Element to Your Risk Management Program**

*By Stu Heit, Region Manager, Liberty Mutual Insurance  
Matt Glovinsky, Technical Consultant, Liberty Mutual Insurance  
Amy Leung, CSP, ARM, CRIS, Risk Control Advisor, Cavnignac & Associates*

Auto insurance can be costly. However, it can be a lot more expensive if you have a poor loss history. A serious at-fault auto accident with significant bodily injuries can cost millions to resolve. Fortunately, there are several actions you can take to manage your company's automobile exposure.

### **Why do you need a fleet safety strategy that goes beyond compliance?**

- Industry trends show that costs are rising primarily due to claim severity and inflation associated with bodily injury claims costs.
- Premiums take into account past performance.
- The most common and costly vehicle accident categories are rear-end collisions and unsafe lane changes. Both of these categories are generally avoidable and both are the result of driver behavior.
- Accidents have a significant impact on business. For example, if a company operates on a 5% profit margin, an accident with direct costs of \$10,000 could require that company to earn an additional \$200,000 to cover the costs. There are also indirect (hidden and uninsurable) costs such as a supervisor's additional time to train a replacement worker or having to rent a replacement vehicle. These indirect costs can easily be three times the amount of the direct costs. So, this \$10,000 loss could require an additional \$800,000 in revenue to cover the total direct and indirect costs!

### **Which factors are considered when placing commercial vehicle insurance?**

Typically, an insurer will consider all tangible features of a prospective fleet account including:

- The number of vehicles/drivers
- Types of vehicles
- Where vehicles are kept
- Radius of travel
- Loss experience
- Management controls



Should these factors be favorable, insurance premium credits can be significant. Conversely, poor controls could result in significant debits, all affecting the bottom line cost. The difference between having a poor loss experience vs. a good loss experience can more than double the cost to insure a vehicle.

**Fleet Safety** (continued on page 2)

(continued from page 1) **Fleet Safety**

## **What does a risk control safety professional look for during a visit with a policyholder?**

The main element a risk control advisor will look for is evidence of a solid fleet safety program. The American National Standards Institute's Safe Practices for Motor Vehicle Operations (ANSI Z15.1) is often referred to for best practices.

Some of the key components and evidence of controls from ANSI Z15.1 are:

- **Management Leadership and Administration** - There is a written fleet safety program signed and endorsed by management. The program addresses controlled substance use, seat belt use, mobile communication controls and program accountability with measurable results to assess effectiveness.
- **Operational Environment** - Policies are in place to address aggressive and/or fatigued driving. Documented driver training is provided for unique vehicles and cargo securement. Written agreements are in place for employees who drive company, personal or non-owned vehicles for business.
- **Drivers** – There are detailed job descriptions including the types of licenses, endorsements required and essential job requirements. Job applications and reference checks are conducted. Existing employees' driving records are reviewed periodically to confirm continued driving eligibility.
- **Vehicles** - There is a written inspection process and a preventative maintenance program in place. Complete maintenance records are maintained by qualified maintenance employees or outside vendors. Drivers inspect vehicles prior to use. Guidelines are established for any emergency equipment that is provided inside vehicles.
- **Incident Reporting and Analysis** – There are procedures for writing an incident report including who receives the report and the specific reporting time frame. Incident reporting kits are in each vehicle and include a camera and forms with reporting instructions and contact numbers. All incident reports are reviewed to develop corrective action plans and to facilitate incident trending.

(continued on page 3) **Fleet Safety**

# **Risk Management Seminar Series**



## **Ergonomics - A Subject for All Employers! How to Understand the Risks and Prevent Injuries**

Friday, August 22, 2014

7:30am Registration, 8:00am - 10:00am Program

## **Sexual Harassment Prevention Training**

Friday, September 5, 2014

7:30am Registration, 8:00am - 10:00am Program

## **Affordable Care Act (ACA) Update**

Friday, September 12, 2014

7:30am Registration, 8:00am - 10:00am Program

## **Reserve Early, Seating is Limited!**

To register, click on the 'register now' button in the announcement email, or contact Bethany Mongold at [mongold@cavignac.com](mailto:mongold@cavignac.com) or call 619-744-0540.

***NOTE: Due to the popularity of our seminars and limited space available, we regret we cannot provide refunds or credits with less than 72 hours advance notice of cancellation.***

Additional key elements to a fleet safety program:

- Driver selection controls - (MVR) Motor Vehicle Record review criteria should be established to define what is an acceptable driving history based on realistic expectations. Hire drivers with good driving records; there are numerous studies that show the best predictor of future losses is past accident and motor vehicle citation history.
- (EPN) Employer Pull Notice - The California Department of Motor Vehicles has an automatic, inexpensive and immediate notice program to advise employers of citations on their enrolled drivers. The program costs are \$5 to enroll a driver and \$1 per year per driver for a written report. (see: <https://www.dmv.ca.gov/vehindustry/eptn/eptngeninfo.html>)
- Traffic Regulation Compliance - Establish written accident investigation procedures. Establish a following distance policy with a minimum of four seconds, plus an additional one second for every 10 feet of vehicle length



for vehicles over 40 feet. A study by the American Transportation Research Institute shows that drivers who were cited for following too closely have a 40% more likelihood of crashing.

- Additional specific policies - Place restrictions on driver distractions such as: cell phones, texting, radios, CD players, etc. Prohibit non-business use of non-passenger company vehicles and restrict use of company passenger vehicles to approved individuals only. Establish procedures to remind drivers how to handle poor weather challenges. Prohibit loaning of company equipment to unauthorized employees.
- Personal vehicles - Employers with employees who drive personal vehicles while on company business need to protect not only those employees, but the company as well. Utilize the same rules and selection criteria for personal vehicles as you do with company

vehicles. Review and maintain a list of approved drivers as this will help ensure that only properly screened and approved drivers are permitted to drive on company business. All personal vehicles used for company business should have proof of insurance. Consult with your insurance broker or agent for recommended limits.

- Monitoring driver performance - Use of vehicle telematics and data (GPS, fuel mileage, average miles per hour based on routes or averages) can provide timely and valuable information for developing trends in both driver behavior and vehicle operations. This can be a very valuable tool in proactively managing and mitigating undesirable outcomes.
- Improving driver behavior - While training transfers knowledge, it does not ensure application. It is important to observe drivers and provide incentives and resources for desired behaviors. Telematics can provide driver performance data such as real-time speeding, braking and cornering which can be used to encourage and recognize desired performance.
- Benchmarking - In order to gauge the effectiveness of the program, it is recommended that an organization compares its crash frequencies against a similar organization or trade from a recognized agency. The DOT, National Safety Council and Bureau of Labor Statistics are examples of recognized statistical resources.
- Training - It is a best practice for fleet training to include in-vehicle training on new or specialized equipment. Be sure to maintain documentation of training materials and records and to conduct a periodic review of trainers and training outlines.

## Final Comments

A solid fleet safety program is important to protect employees, other drivers who share the road, and your company. Failure to exercise proper care in hiring drivers and administering the fleet safety program could expose your company to additional liability and costs. ■

### Additional Resources

- *American Trucking Associations:* [www.truckline.com](http://www.truckline.com)
- *Bureau of Transportation Statistics:* [www.rita.dot.gov](http://www.rita.dot.gov)
- *Department of Transportation:* [www.dot.gov](http://www.dot.gov)
- *Federal Motor Carrier Safety Admin.:* [www.fmcsa.dot.gov](http://www.fmcsa.dot.gov)
- *Insurance Institute for Highway Safety:* [www.iihs.org](http://www.iihs.org)
- *National Association of Fleet Administrators:* [www.nafa.org](http://www.nafa.org)
- *National Highway Traffic Safety Admin.:* [www.nhtsa.gov](http://www.nhtsa.gov)
- *National Private Truck Council:* [www.nptc.org](http://www.nptc.org)
- *National Safety Council:* [www.nsc.org](http://www.nsc.org)
- *American Society of Safety Engineers:* [www.asse.org](http://www.asse.org) (type "ANSI Z15.1" in search field)



## Keep Your Cool in Hot Weather

July and August are typically the hottest time of the year in most areas of the United States, and these months are often packed with long days at fairs and festivals, family vacations and numerous trips to the pool or lake. While you're out having fun in the sun, watch for signs of heat illness.

According to the National Weather Service, heat is one of the leading weather-related causes of death in the United States, with men more susceptible than women to heat illness because they sweat more. The elderly and children are also at higher risk if they are not careful in the sun.

Sweating is one of the body's key reactions to heat, but if you lose fluid from sweat that isn't replaced by drinking enough water, your body temperature can spike dangerously. When the temperature and humidity both

rise, your body's ability to cool itself is also affected because sweat can't evaporate fast enough to cool your body.

Heat illness occurs along a spectrum, ranging from heat cramps and fainting to heat exhaustion and heat stroke, which is a life-threatening condition. Symptoms of heat exhaustion may include headache, dizziness, cramping, excessive sweating, pale and clammy skin, and rapid but weak pulse. If someone is suffering heat exhaustion, get him or her out of direct sunlight so he or she can cool down and rehydrate.

Heat stroke occurs when the body becomes so hot it loses its ability to cool itself. Heat stroke is typified by headache, dizziness, confusion, hot and dry skin, throbbing pulse, shallow but rapid breathing, and sometimes unconsciousness. If someone is suffering heat

stroke, get medical assistance immediately.

Because summertime includes many fun activities out of doors, you don't want to miss out. Follow these guidelines to stay cool and safe in the sun:

- Drink water every 15 minutes, even if you don't feel thirsty, and limit intake of alcoholic and caffeinated beverages.
- Wear a hat and lightweight clothing, preferably cotton.
- Wear sunscreen to protect yourself from sunburn, which interferes with the body's cooling mechanism.
- Find shade or an air-conditioned building where you can take a break from the heat, especially during midday.
- Never leave a child unattended in a vehicle, even with the windows open.
- Let your body acclimate to the heat before attempting vigorous exercise.

**All vaccines are approved by the Food and Drug Administration (FDA) for safety and effectiveness.**

**CAVIGNAC & ASSOCIATES**  
INSURANCE BROKERS

## National Immunization Month

Immunizations can protect you and your family against serious illnesses, including the flu, measles and tuberculosis. August is National Immunization Awareness Month, and this is the time to remind your loved ones about the importance of getting the recommended vaccines to keep everyone healthy. Visit the Centers for Disease Control and Prevention (CDC) website to get the [immunization schedules](#) for children and adults for 2014.

Although getting vaccinated is a vital part of preventing illness, children typically see the experience as a stranger in a white jacket poking them with a needle. Here are some tips to help make the trip to the doctor a little less painful:

- Bring a favorite toy or book for younger children.
- Hold an infant or small child in your lap, if possible, and bring along a favorite blanket to make him or her feel safe.
- Sing or talk to your child to soothe him or her while the vaccine is administered.

# The Risks of Sitting

Some doctors are saying that sitting is the new smoking. According to the Mayo Clinic, sitting, like smoking, is a pervasive problem that harms your health. Approximately 80 percent of Americans work a non-active job, making all-day sitting a common condition.

Lengthy, non-interrupted sitting causes poor circulation and low calorie burn and is linked to various health problems, including obesity, hypertension, diabetes and cardiovascular disease, as well as stiffness, headaches and sluggishness.

Your job may require you to spend a considerable amount of time at a desk, or maybe you're fond of all-day movie marathons. Try these tips to sit less, move more and improve your health:

- Stand while talking on the phone or watching television.
- Try a walking or standing meeting at work.
- Stand up and stretch at least every hour.
- Wear a pedometer and find ways to add steps into your daily routine.
- Take the stairs when possible.
- Consider walking or biking when commuting to work or running errands.

# Retirement Savings 101



Saving for retirement is essential, and there are different types of retirement accounts you can use. A 401(k) is an employer-sponsored plan and is a popular way to stash money for retirement. Another common option is an individual retirement account (IRA), which you can open through a financial institution such as a bank. To start saving, set up an automatic monthly deposit into your retirement account. If you want to live comfortably in your golden years, don't make these common retirement-savings mistakes:

1. Not saving right now—a little now is worth much more in the future due to compounding interest. Don't wait to start saving.
2. Not knowing how much you need to retire. Hint: It could be as much as \$2 million.
3. Withdrawing early—you'll be hit with penalties, fees and taxes.
4. Ignoring high fees—know how much you're paying for account fees, and negotiate or switch accounts if necessary.
5. Not taking advantage of an employer match—if your employer offers to match a portion of your 401(k) contributions, save enough to get that match.



# Melon Salsa

Stay cool with this mouth-watering mixture of summer produce, and serve it up with grilled fish or chicken for a fun twist on the backyard cookout.

- 2 cups fresh melon, honeydew, cantaloupe or watermelon, seeded and chopped; use one kind or a combination
- 1 cup cucumber, peeled, seeded and chopped
- 1/4 cup red or white onion, chopped
- 2 tbsp. fresh cilantro, chopped
- 1 jalapeño, seeded and finely chopped
- 1/4 cup lime or lemon juice
- 1 tbsp. sugar

In a medium-size bowl, stir together all ingredients. Taste and season with more lime juice and sugar, if needed. Cover and chill for at least 30 minutes. Serve.

Yield: 12 servings. Each serving provides 15 calories, 0g of fat, 0g of saturated fat, 0mg of cholesterol, 0mg of sodium and 0g of fiber.

Source: USDA

© 2014 Zowace, Inc. All rights reserved.

# SPOTLIGHT ON



**Cavnac & Associates is proud to support local and non-profit civic organizations, including Big Brothers Big Sisters.**



For more than 100 years nationally and 50 locally, Big Brothers Big Sisters has operated under the belief that inherent in every child is the ability to succeed and thrive in life. As the nation's largest donor and volunteer supported mentoring network, Big Brothers Big Sisters makes meaningful, monitored matches between adult volunteers ("Bigs") and children ("Littles"), ages 7 through 18.

They develop positive relationships that have a direct and lasting effect on the lives of young people.

Their Mission is to provide children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better.

Their Vision is for all children to achieve success in life.

By partnering with parents/guardians, volunteers and others in the community they are accountable for each child in their program achieving higher aspirations, greater confidence, and better relationships; avoidance of risky behaviors; and educational success.

*For more information about Big Brothers Big Sisters, visit [www.sdbigs.org](http://www.sdbigs.org)*