



FLEET COST CONTAINMENT

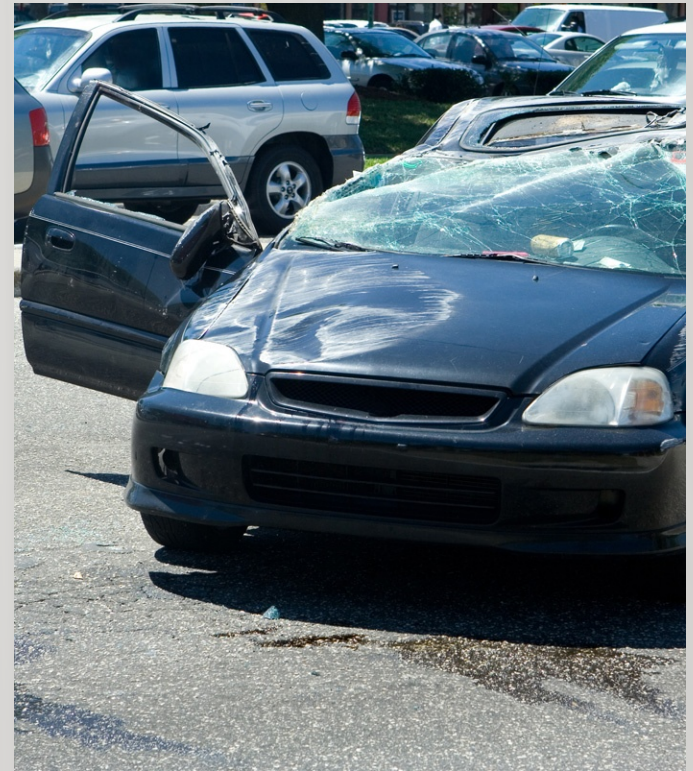
Strategies to Minimize Losses

Presented by: Brian Cook, Horizon Insurance Group

THE COST OF MOTOR VEHICLE ACCIDENTS

- ✘ Transportation incidents were the leading cause of work-related fatalities in 2013 (1,740 fatalities) – **nearly 40 percent of all occupational fatalities.**
- ✘ Of all transportation fatalities:
 - + 57% occurred on roadways
 - + 13% occurred on nonroadways
 - + 16% involved pedestrians

Source: Bureau of Labor Statistics



THE COST OF MOTOR VEHICLE ACCIDENTS

DID YOU KNOW...?

Transportation incidents caused more on-the-job fatalities in 2013 than falls (699 fatalities) and injuries as a result of contact with objects and equipment (717 fatalities) combined

Source: BLS



ADDITIONAL COST FACTORS

- ✓ Vehicle Down-Time – Lost Sales/Deliveries/Customers
- ✓ FMCSA Fines
- ✓ Increased Insurance Costs
- ✓ Increased Worker's Compensation Costs
- ✓ Employee Morale

AGENDA

Learn how to:

- ✓ Establish a formal fleet safety policy
- ✓ Conduct pre-accident planning education
- ✓ Provide initial and ongoing driver training
- ✓ Perform regular vehicle maintenance
- ✓ Assure that your drivers conduct pre- and post- trip vehicle inspections

LOSS CONTROL STRATEGIES

1. Establish a written Fleet Safety Policy

Policy should outline your company's requirements, procedures and standards for:

- Recruitment
- Alcohol and Controlled Substances Testing
- Job Duties
- Training
- Scheduled and Incidental Maintenance
- Accident Investigation
- Personal Use of Company Vehicles

POLICY

Fleet Safety

Location: _____
Effective Date: [Effective_Date]
Revision Number: _____

[C_Officialname]

Purpose

[C_Officialname] recognizes that our employees are our most valuable asset and the most important contributors to our continued growth and success. Our Company is firmly committed to the safety of our employees. [C_Officialname] will do everything possible to prevent workplace accidents and is committed to providing a safe working environment for all employees.

Motor vehicle accidents are the leading cause of work-related fatalities. The environment in which these accidents occur involves numerous complex factors, many uncontrollable. The purpose of [C_Officialname]'s Fleet Safety program is to provide the means to reduce such factors to eliminate unnecessary injuries and fatal circumstances. We value our employees not only as employees but also as human beings crucial to the success of their families, the local community and [C_Officialname].

To further this goal, our Company has developed a Fleet Safety Policy effective [Effective_Date]. The Program will consist of six components: Recruitment, Job Requirements, Training, Preventive Maintenance, Accident Investigation and Company Vehicles for Personal Use. This policy applies to all candidates for employment as well as all current employees.

Recruitment:

[C_Officialname] focuses its initial efforts on driver selection through a variety of resources, beginning with the job application. The application will require a prospective employee to:

- List past driving experience, employers, and types of vehicles driven.
- Notify [C_Officialname] of any motor vehicle violations for at least the last (#) of years.
- List references.

Driver selection will be made upon completion of a formal interview, background check, reference verification, review of the individual's motor vehicle record (MVR) and a negative drug screen. Authorizations will be obtained to contact prior employers and personal references.

MVRs will be requested upon completion of a satisfactory interview and periodically thereafter at a minimum of at least once per year. Management reserves the right to use its discretion in determining an unsatisfactory MVR. An excessive number of violations in the past three years will be grounds for an unsatisfactory MVR prohibiting hiring of a prospective employee or possible termination and/or disciplinary actions of an active employee.

Drug/Alcohol Testing:

Initial and periodic random drug and alcohol testing is mandatory. Testing will be conducted by a licensed medical facility designated by [C_Officialname]. Any positive results will be grounds for termination. Driving under the influence of alcohol or any other legal substances will be grounds for termination.

Job Requirements:

All positions requiring regular driving require a written job description to include main duties, functions and the necessary physical requirements required to perform all associated tasks.

- All prospective employees will be required to undergo a physical evaluation
- If required, candidates must pass a Dept. of Transportation physical evaluation
- Results of the physical evaluation will be compared to the necessary physical requirements

Prepared by: [B_Officialname]

The new policy only is a guide. It does not replace accident/loss prevention or accident investigation. It does not address general corporate issues. Date of last revision: 01/01/2010. All rights reserved. No part of this document may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of [C_Officialname]. All rights reserved. © 2010 [C_Officialname]. All rights reserved.

LOSS CONTROL STRATEGIES

- × Other important aspects of a Fleet Safety Policy:
 - + Actively review and update policy annually
 - + Require all employees to read and sign off on policy

You, as management, must show your commitment to the policy by actively enforcing its provisions and updating them as necessary. Lead by example; employees will only take fleet safety seriously and follow the policy if you do the same.

LOSS CONTROL STRATEGIES

2. Establish pre-employment screening and new hire driving requirements

✦ Consider:

- + Past driving experience
- + Past employer references
- + Types of vehicles driven
- + Past motor vehicle violations (both on and off the job)

✦ Uniform standards and a comprehensive application will allow you to expose irresponsible, hazardous drivers

LOSS CONTROL STRATEGIES

3. Enact alcohol and controlled substance screening policies

✘ Alcohol and controlled substance tests should be required:

- + Pre-employment
- + Post-accident
- + If reasonable suspicion arises
- + At random

✘ Drug screening policies could lower your costs



LOSS CONTROL STRATEGIES

- × Effective random/reasonable suspicion alcohol and controlled substance screening policies will:
 - + Be conducted as soon as a supervisor observes behavior or appearance characteristic of substance abuse
 - + Be collected on a random, unannounced basis
 - + Be conducted before an individual returns to work following an alcohol policy violation
 - + Contain explicit consequences for refusal or failure to test, up to and including termination

LOSS CONTROL STRATEGIES

✘ Effective post-accident alcohol and controlled substance screening policies will:

- + Go into effect when a driver receives a moving traffic violation OR whenever there is a fatality
- + Require a strict timeline (example: test must be taken within two hours of accident)
- + Contain explicit consequences for refusal or failure to test post-accident, up to and including termination

POLICY

Substance Abuse

Location: _____
Effective Date: [Effective_Date]
Revision Number: _____

[C_Officialname]

Scope – Statement of Philosophy

Our company has a strong commitment to provide a safe work place and to establish programs promoting high standards of employee health, safety and productivity. While our company will not intrude into the personal lives of employees, we do recognize that abuse of drugs or alcohol on the job will adversely affect job performance. Employees experiencing a drug or alcohol problem are strongly encouraged to voluntarily seek assistance through the individual Employee Assistance Program. Employees are required to be in appropriate mental and physical condition for work and to perform their jobs satisfactorily. Seeking voluntary assistance for drug and alcohol related problems applies to all staff subject to an employee to disciplinary action.

This policy statement is a posted notice for all employees to read and understand.

Purpose

The purpose of this policy is to:

- To establish a safe working environment for all employees.
- To provide a safe working environment for all employees.
- To provide a safe working environment for all employees.
- To provide a safe working environment for all employees.

Definition

Alcohol

- Breath
- Urine

Alcohol

- The presence of alcohol in the blood and/or breath.

Substance

- Only a controlled substance as defined by the state of Florida.

Drug

Means as follows:

Prescribed

- Amphetamines (speed, pep pills)
- Benzodiazepines (Valium)
- Cocaine (including crack)
- Methaqualone (Quaaludes)
- Phencyclidine (PCP)
- Barbiturates (Depressants)
- Cannabinoids (Marijuana)
- Methadone (morphine)
- Opiates (heroin)
- Propoxyphene (Darvon)

Consequence

Any employee who tests positive for alcohol or any of the illegal substances listed above will be immediately terminated. In addition, any employee who refuses to submit to the testing procedure will be immediately terminated.

Once again, our goal is to provide a safe working environment for all employees, protecting employees and company property, in order to continue our dedication to the highest quality standards and continued growth.

Employee Name: _____ Date: _____
(Please print)

Employee Signature: _____

Prepared by: [C_Officialname]

This policy is a general statement of intent. It is not intended to create a contract. It is subject to change without notice. It is not intended to create a contract. It is subject to change without notice. It is not intended to create a contract. It is subject to change without notice.

LOSS CONTROL STRATEGIES

4. Determine driver acceptability criteria

- × *All members of management should agree on prospective driver criteria*
- × Consistently and carefully choosing good drivers will allow you to save in accident costs down the road
- × FMCSA reports that it is riskier to hire drivers who are:
 - + Younger (18-25 years old)
 - + Less experienced
 - + Have a documented sleep disorder
 - + Impulsive in nature
 - + Generally aggressive or angry toward others

LOSS CONTROL STRATEGIES

5. Develop a cellphone/handheld device policy

- ✘ *Most states now have cell phone use laws of some kind in place*
- ✘ Studies show using a cell phone while driving is just as dangerous – if not more so – as driving under the influence
- ✘ Consider prohibiting cell phone use behind the wheel while on the job even if your state does not do so
- ✘ Carefully outline what constitutes proper and improper cell phone use

LOSS CONTROL STRATEGIES

- ✘ An effective cellphone/handheld device use policy will:
 - + Define what constitutes a cellphone or handheld device
 - + Be specific and address all possibilities, including handset vs. headset use, text messaging, surfing the Web, GPS use, etc.
 - + Briefly address other driving distractions, including, but not limited to, touching stereo dials, eating, drinking or talking to passengers

POLICY

Cellphone/Electronic Device Use

Location: _____
Effective Date: [Effective_Date]
Revision Number: 1

[C_Officialname]

Purpose

[C_Officialname] recognizes that employees are our most valuable asset and that they are the most important contributors to our continued growth and success. Thus, we are firmly committed to employee safety and will do everything possible to prevent workplace accidents.

Crashes attributed to driver distraction are quickly on the rise, in large part because of widespread use of cellphone and other portable electronic devices behind the wheel. In fact, according to the National Highway Traffic Safety Administration, each year distraction-related deaths represented about 16 percent of total traffic fatalities. Researchers across the country have found that response times and alertiveness while using a mobile device are as slow as those of drunk drivers. In fact, because of the dramatically increased risk of injury and death that comes with texting while driving, the Occupational Safety and Health Administration (OSHA) has stated that companies' legal obligation to create and maintain a safe and healthful workplace includes having a clear, unambiguous and enforced policy against the hazard of texting while driving. To protect employees driving on company business as well as others on the road, [C_Officialname] developed this Cellphone/Electronic Device Use Policy, effective [Effective_Date].

SCOPE AND APPLICABILITY

The Cellphone/Electronic Device Use Policy applies to all employees of [C_Officialname] who fit any or all of the following criteria:

- Driving on [C_Officialname] business in any vehicle, personal or otherwise
- Driving a company car, whether on company business or not
- Placing work-related calls, whether driving on company business or not
- Using a company-issued cellphone or other electronic device while driving

DEFINITIONS

- Cellphone (also known as a mobilephone, smart phone, handheld cell or handheld) – a mobile electronic device that engages in telecommunications including voice calls, text messaging/short message service (SMS) and/or e-mail. Cellphones also may include features like complete Internet access, games, multimedia messaging service (MMS), instant messaging (IM) services, digital audio (MP3) players, cameras, radios and global positioning systems (GPS). Any device that engages in these functions is included in this policy.
- Electronic device – in this policy, electronic device means any portable apparatus that involves user interaction. This includes, but is not limited to, laptops, GPS systems, MP3 players, cameras, pagers and personal digital assistants (PDAs).
- Headset (also known as hands-free) – an extension of the cellphone either connected to the handset via cord or wirelessly through Bluetooth technology that allows the user to engage in voice communication without holding onto the cellphone itself.

PROCEDURES

The following procedures apply to all [C_Officialname] employees falling under the conditions outlined above in SCOPE AND APPLICABILITY.

Prepared by [B_Officialname]

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LOSS CONTROL STRATEGIES

6. Review policies with new employees at orientation and periodically with active employees

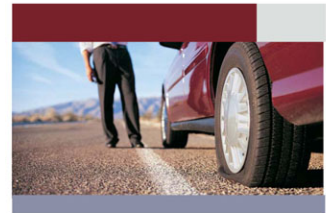
- + Offer materials in workers' native languages
- + Consider annually re-training active employees
- + Re-train employees after they are involved in an accident
- + Develop a system for keeping track of when employees received their most recent training session
- + Hold mandatory monthly safety meetings covering hot topics
- + Provide employees with constant policy reminders to keep safety and loss control top-of-mind

PRE-ACCIDENT STRATEGIES

- × Provide pre-accident training, highlighting:
 - + Correct use of provided accident kit
 - + Proper accident procedures
 - + Proper recordkeeping procedures
 - + What to do in case of medical emergency
 - + What to do in case of HAZMAT emergency

PRE-ACCIDENT STRATEGIES

- ✘ Supplying drivers with an **accident kit** in their glove box that includes:
 - + Emergency contact numbers
 - + Accident report form
 - + Blank paper
 - + Pen
 - + Disposable camera
- ✘ This will help document the events of an accident to ensure there is **accurate, reliable** information when filing a claim



**Vehicle
Accident Report:
What to do in the
Event of a Claim**

ABC Company

PRE-ACCIDENT STRATEGIES



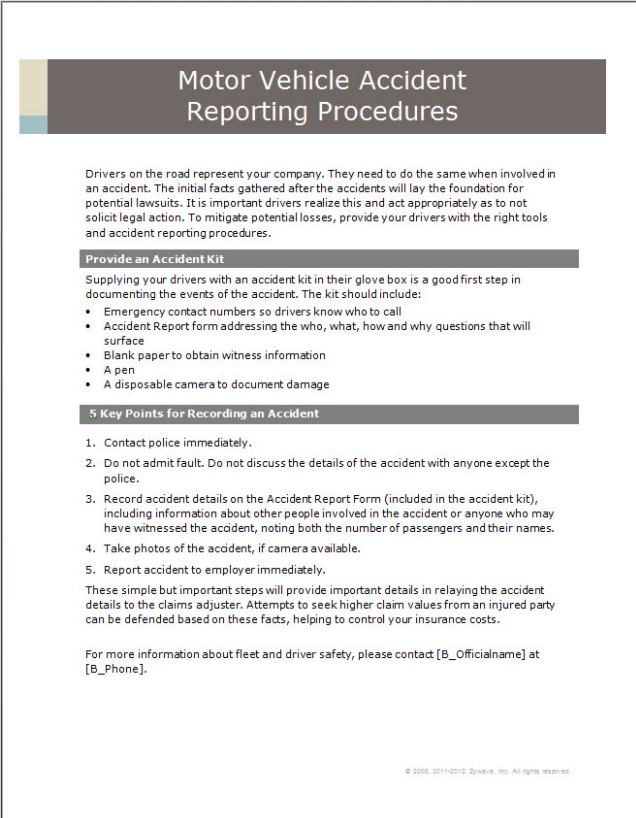
- × If the vehicle contains hazardous materials, also include these items in the accident kit:
 - + Duct tape
 - + Plastic sheeting
 - + Scissors
- × *These items could be crucial in an accident that involves a HAZMAT unit response*

PRE-ACCIDENT STRATEGIES

- × Educate drivers on accident procedures:
 - + Turn on hazards or otherwise warn other drivers that an accident has occurred to avoid further mishaps
 - + Immediately contact police
 - + Only get out of the vehicle if it is safe to do so
 - + If it is not safe to exit, stay in vehicle with seat belt on
 - + Do not admit fault
 - + Only discuss details of the accident with the police
 - + Report accident to employer immediately

PRE-ACCIDENT STRATEGIES

- ✘ Educate drivers on recordkeeping procedures:
 - + Record incident details on Accident Report Form
 - + Include details on other people involved and any witnesses
 - + Note names of all passengers involved
 - + Take photos of both vehicles involved in the accident



Motor Vehicle Accident Reporting Procedures

Drivers on the road represent your company. They need to do the same when involved in an accident. The initial facts gathered after the accidents will lay the foundation for potential lawsuits. It is important drivers realize this and act appropriately as to not solicit legal action. To mitigate potential losses, provide your drivers with the right tools and accident reporting procedures.

Provide an Accident Kit

Supplying your drivers with an accident kit in their glove box is a good first step in documenting the events of the accident. The kit should include:

- Emergency contact numbers so drivers know who to call
- Accident Report form addressing the who, what, how and why questions that will surface
- Blank paper to obtain witness information
- A pen
- A disposable camera to document damage

5 Key Points for Recording an Accident

1. Contact police immediately.
2. Do not admit fault. Do not discuss the details of the accident with anyone except the police.
3. Record accident details on the Accident Report Form (included in the accident kit), including information about other people involved in the accident or anyone who may have witnessed the accident, noting both the number of passengers and their names.
4. Take photos of the accident, if camera available.
5. Report accident to employer immediately.

These simple but important steps will provide important details in relaying the accident details to the claims adjuster. Attempts to seek higher claim values from an injured party can be defended based on these facts, helping to control your insurance costs.

For more information about fleet and driver safety, please contact [B_Officialname] at [B_Phone].

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PRE-ACCIDENT STRATEGIES

- × Educate drivers on medical emergency procedures:
 - + Seek medical attention as soon as possible if anyone on the scene is injured
 - + Give reasonable assistance until professional help arrives to injured parties if you are fit and able
 - + Do not administer first aid unless trained, qualified and comfortable enough to do so
 - + If unable to drive, contact dispatcher and coordinate arrangements for pick up of cargo

PRE-ACCIDENT STRATEGIES



- ✘ Educate drivers on HAZMAT emergency procedures:
 - + Contact dispatcher immediately
 - + Coordinate a HAZMAT unit as soon as possible
 - + Evacuate vehicle if safe to do so
 - + If you must remain in vehicle, shut windows, close vents and turn off air conditioner and heater

VEHICLE INSPECTION & MAINTENANCE

- × Keep detailed records of vehicle maintenance and inspections, including dates of service
- × Require drivers to complete – and sign off on – a basic vehicle maintenance checklist daily
- × Follow up promptly on any problems/issues drivers note in daily inspection log

VEHICLE INSPECTION & MAINTENANCE

✘ Critical daily maintenance items include:

- + Brakes
- + Steering
- + Windows
- + Tires
- + Lights
- + Windshield Wipers
- + Suspension
- + Mirrors



✘ Full-vehicle preventative maintenance should be conducted once a year, or as needed, by a professional

DRIVER VEHICLE INSPECTION AUDIT

- ✘ Mechanic marks key inspection points on your DOT regulated vehicles on a random basis with colored tape, tags, or other markings that can be easily identified by your drivers.
- ✘ On an unannounced basis, mechanic places the markings to see if the driver finds where the markers are placed.
- ✘ The driver then reports back to the mechanic for all locations where the markers were found.
- ✘ Mechanic scores the driver on how well he or she located the markers.

FLEET COST CONTROL STRATEGY SUMMARY

- × Establish a formal fleet safety policy
- × Determine new driver acceptability criteria
- × Establish pre-employment screening requirements
- × Develop a cellphone/handheld device use policy
- × Review all policies/procedures with new employees and at least annually with active employees
- × Provide pre-accident training for all employees
- × Require regular vehicle inspection and maintenance
- × Implement Driver Vehicle Inspection Audit

OUR EXPERTISE

HORIZON INSURANCE GROUP

We have the loss control experience and resources to help you ***manage*** your fleet program, ***promote*** a safety-minded culture and ***reduce*** the financial burden of vehicle-related accidents.

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