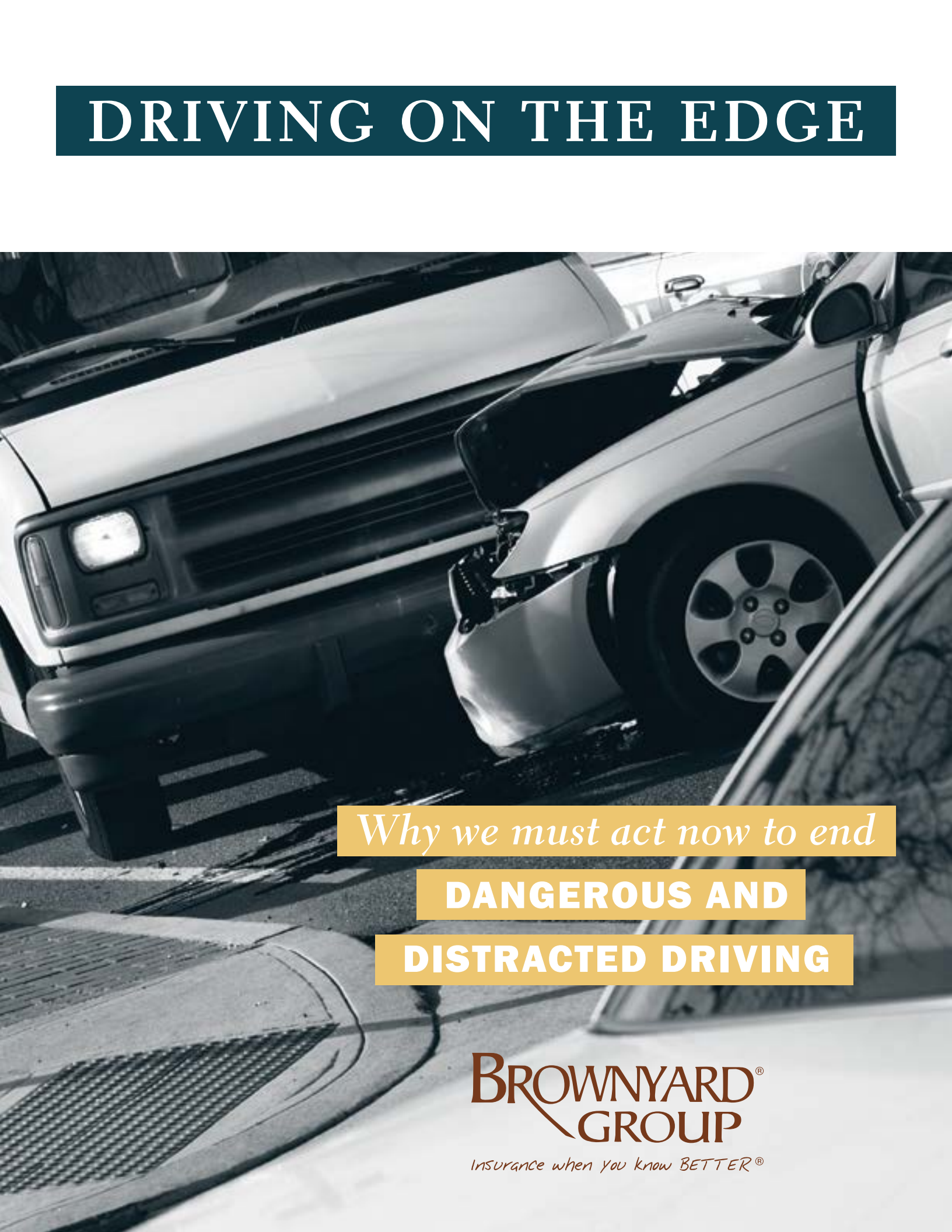


DRIVING ON THE EDGE



Why we must act now to end

DANGEROUS AND

DISTRACTED DRIVING

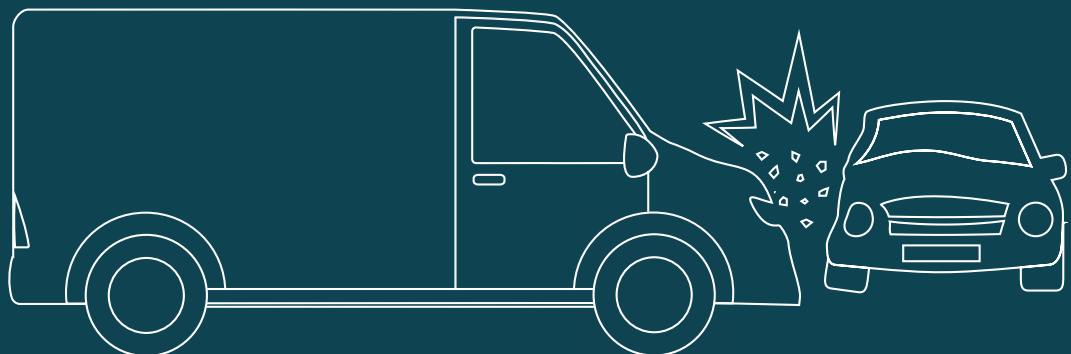
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Over the past several years a few trends in driving, auto accidents and commercial auto insurance have raised serious concerns for employers and insurers. Statistics and news reports are depicting a troubling increase in auto accidents and distracted driving and market trends point to a hardening market for commercial auto insurance. That means coverage is becoming less available to businesses that need it and those that secure it will experience higher premiums. Considering these conditions, it is clear businesses have an imperative need to take immediate and unequivocal measures to improve employees' driving behavior.

In this report, we review the trends propelling the national conversation about employee driver safety and distracted driving. We also provide the foundational information business leaders need to develop policies, procedures and management practices that support safe driving on the job.

Statistics and news reports are depicting a troubling increase in auto accidents and distracted driving...





UNDERSTANDING OUR NATIONAL DRIVING PROBLEM

Americans are driving more and getting into more accidents. In 2016, traffic deaths increased six percent to 40,200, according to the National Safety Council. That makes last year the first since 2007 when more than 40,000 Americans died in motor vehicle crashes.¹ In the U.S. workplace, motor vehicle crashes continue to be a leading cause of death, despite overall gains in workplace safety.² At the same time, the costs associated with auto insurance claims have increased due to larger court settlements, higher vehicle repair costs, more persistent injuries and increased medical costs. Claims related to auto accidents can be some of the most expensive workers' compensation claims.

But why have deadly accidents persisted despite public awareness, worker safety gains, seatbelt usage and advanced safety features? Researchers and policymakers point to a few trends behind accidents:

- **Low prices, high economy:** Gas prices have fallen as vehicle fuel economy has increased; the National Safety Council connects this to a three percent increase in overall motor vehicle mileage. That is, people are driving more.
- **Higher bills:** As mentioned above, medical bills and auto repairs are both more expensive. Today's vehicles cost more to fix because they are digital as much as they are mechanical. The tools associated with repairs are more expensive and cars on the road are newer, loaded with high-tech safety features. Those cameras, sensors, microprocessors and other tools associated with automatic braking and blind-spot alerts tend to be located in areas subject to frequent damage.³
- **Distracted driving:** About 52 percent of normal driving activity involves some sort of distraction, and 15 percent of those distractions are due to another person in the vehicle.⁴ According to the National Highway and Traffic Safety Association (NHTSA), distracted driving killed 3,477 and injured 391,000 in 2015.⁵ Cell phones as a source of distraction were implicated in 476 fatal crashes alone in 2015.⁶

¹ National Safety Council Motor Vehicle Fatality Estimates <http://www.nsc.org/NewsDocuments/2017/12-month-estimates.pdf>

² Bloomberg BNA <https://www.bna.com/rise-onthejob-motor-n73014463917/>

³ Why your extra safe car costs more to insure <https://www.wsj.com/articles/why-your-extra-safe-car-costs-more-to-insure-1491211803>

⁴ CDC – NIOSH – Distracted Driving at Work <https://www.cdc.gov/niosh/motorvehicle/topics/distracteddriving/default.html>

⁵ NHTSA – Distracted Driving <https://www.nhtsa.gov/risky-driving/distracted-driving>

⁶ Insurance Information Institute – Distracted Driving <http://www.iii.org/article/facts-statistics-distracted-driving>



WHAT IS DISTRACTED DRIVING REALLY?

Though there is a great deal of public discourse around distracted driving, many people do not understand what that phrase means. Distracted driving is any situation in which the driver is not attending to the operation of the vehicle. This takes three general forms:



- **Cognitive distraction** – An activity that takes the driver's mind off driving, such as talking or daydreaming.



- **Visual distraction** – When the driver averts his or her eyes from the road, perhaps to read a text message or look at a passenger.



- **Manual distraction** – An activity that requires the driver to remove his or her hands from the wheel, such as eating or programming an address into a navigation system.

Some activities are uniquely dangerous because they combine all forms of distraction. Consider reading a text message. You must pick up your phone (a manual task), read the message (visual) and comprehend its meaning (cognitive). Some research suggests that a driver's reaction time is delayed while engaging in these activities. Perhaps more frightening is the NHTSA's estimate that at any given time during a day, 660,000 drivers are talking or texting on their cell phones while driving.

We can also understand distracted driving as either a decision or an unintended action. An employee must make the decision to program her GPS when she's already on the highway. Fatigue may lead her to nod off midway to her next stop, surely an unintended nap, before she snaps awake at the sound of her tires running over the rumble strip. Many drivers make these decisions and unintended actions over and over again without consequence, leading them to develop a sense that there are few repercussions for their behavior. But the potential consequences of distraction and unsafe driving are devastating. In 2015, 551 pedestrians and bicyclists were killed due to distracted driving, according to the NHTSA.

OVERLOOKED CONSEQUENCES FOR EMPLOYERS

Employee drivers are often stuck in a troubling routine: racing against the clock in a heavy vehicle with large blind spots—while functioning as a moving billboard for his employer, whose logo is emblazoned on the side of the vehicle. These are difficult conditions, which foretell the serious potential ramifications of any accident. These extend far beyond the factors people imagine and prepare for: injuries, repair costs and insurance deductibles. The impact of one claim reverberates throughout all aspects of a business.

Let's take the example of an auto accident claim in which someone is seriously injured. The employer's auto insurance pays out \$1 million to cover legal fees, bodily injury claims and repair costs for the other party's vehicle. Not only must company leaders absorb the deductible and purchase another truck, but without a vehicle, employees cannot respond to new business. Company leadership and the employee involved lose productivity due to months (or even years) spent in litigation. After the claim is settled, the company may be unable to secure standard commercial auto insurance coverage again; if they do, they will pay higher insurance premiums for several years, as this million-dollar claim sits on their loss experience history.

For many business leaders, the most troubling consequence of a severe accident involving one of their drivers is the damage to their reputation. This damage may begin when other drivers see the branded and broken truck on the side of the road. This is compounded by regional news coverage of the wreck; as the claim moves to the courts, it persists as a local news story. Potential and current customers may perceive the company as unsafe, spoiling its good name. Every story eventually exits the news cycle, yet it remains easily accessible on search engines. In search results, potential customers may discover a story about an accident alongside a company's contact information.

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These reputational and financial consequences are carried by company owners and managers. Legally, this is due to the concept of vicarious liability. An employer can be held liable for the employee's actions on the road or even for failing to have appropriate safe driver policies. If a manager is found to have exercised poor driver selection or failed to enforce safe driving policies, the company may be held liable for negligently entrusting an employee with the potentially dangerous task of operating a vehicle.

With the consequences of a severe auto accident weighing on a company for years, employers should hear a clear call to action: do everything you can to ensure safe employee driving practices. You will never wonder if you could have done more—even if your company experiences a serious loss.

STEPS TO TAKE TOWARDS SAFE DRIVING

Any business with a commercial auto exposure is likely to experience an employee accident at some point. However, two businesses in the same industry segment might have dramatically different experiences with those accidents. One might see frequent, large auto claims while the other has infrequent claims with relatively mild losses. What sets them apart? Despite similarities in size, specialty area and geography, these businesses may have very different policies, procedures and management practices. Historically, companies with strict policies and procedures that are evenly enforced and have management's full involvement have a better loss experience. In particular, policies and procedures that make a difference include hiring, driver practices, management oversight and loss reporting.

HIRING POLICIES

Some businesses with frequent auto accidents have a habit of hiring the problem; the people they recruit are unqualified for the job. The foundational hiring practice for any position which requires driving is a motor vehicle record (MVR) review. The primary job duties may have different baseline qualifications—perhaps a pesticide application license or a criminal background check—but the MVR provides necessary information for the driving aspect of the position.

Someone's past driving record is the best indicator of future driving performance. Hiring managers should consider the applicant's history of moving violations and accidents and keep an eye out for red flags such as a large number of points on their license or recent citations for driving while intoxicated or driving under the influence (DWI or DUI).

These factors also indicate whether the individual is a risky driver or a safe driver. Each company must have policies around what an acceptable driving record looks like, such as no speeding tickets, accidents or DUIs in the past seven years. Whatever the guidelines necessary for the position, each hiring manager must be familiar with and follow them in every case. When accessing MVRs, remember that the MVR system is a state-by-state system and not all states share information. In fact, some consistently lack complete violation data. Employers should use a national database to maintain control over the quality of an MVR and gain the most complete and up-to-date information quickly.

Also consider the applicant's skill, experience and physical condition. These parameters may vary depending on the type of vehicles a company uses and other specific considerations. Managers can ask screening questions such as: Has the candidate operated a vehicle like the one necessary for the open position? Has he taken a defensive driving course? Does he have health conditions that preclude him from sitting for long periods of time or may raise his risk of an accident?

Road tests also are important, demonstrating how an applicant behaves behind the wheel. This will allow hiring managers to evaluate safe driving behaviors such as wearing a seatbelt, adjusting mirrors, coming to a complete stop and maintaining an appropriate and consistent speed.

Managers can ask themselves one critical question about each applicant: if you did not have insurance, would you still hire him? Whether or not you can bounce back financially from a loss cannot be the driving force behind hiring. Customers, employees and the public at large have an expectation that business leaders are entrusting potentially dangerous tasks with those who are demonstrably able to rise to the challenge.



POLICIES, PROCEDURES AND MANAGEMENT PRACTICES

Employers should provide employees with concise guidelines for safe, distraction-free driving. This written policy prohibits specific distractions, particularly making phone calls, texting, eating, smoking and grooming. The policy may also include desirable alternative behaviors, like pulling over at the nearest rest stop to make a phone call. It can specify consequences for failing to comply, disciplinary procedures and how consequences may escalate after multiple violations. Before a company implements a safe driving policy, it should be reviewed by a lawyer and upper management.

The scope and content of employee driving policies may depend on the unique needs of any given business or the stipulations of state motor vehicle laws. For example, it may make good business sense for employees to take home their work vehicles. However, every employee who takes home a company vehicle should sign a company user agreement specifying certain rules for the operation of the company vehicle. These rules may require seatbelt use or telematics monitoring (described below), or it may prohibit smoking, eating or drinking, personal use of the vehicle and anyone other than the employee from operating the vehicle. Some businesses assume employees will at some point use their company vehicle for a quick trip to the hardware store. Their policies require the employee to assume responsibility for the auto insurance deductible if they get into an accident while off the clock.

Furthermore, employers need a procedure in place for assessing the continued roadworthiness of employee drivers. No policy is effective without enforcement. We recommend managers accompany employee drivers for ride-alongs or road tests twice a year. This allows managers to evaluate the efficacy and enforcement of the policies and procedures they have developed. The entire company's reputation and health is riding in the driver seat.

Unfortunately, managers instead sometimes set up employees for failure. A manager may call an employee when she knows he is on the road. Another may ask an employee to make more stops than are possible considering local traffic, or he may send employees out in dangerous weather. Enforcing safe driving policies means managers must follow the rules they create. Plus, any driving policies must be enforceable and in line with current state laws. For example, managers should review policies periodically in case new legislation concerning distracted driving is implemented.



VEHICLE MONITORING, MAINTENANCE & DOCUMENTATION

Despite its potential for distraction, modern technology has a role in enforcing driver safety policies. Telematic devices can monitor a vehicle's location, as well as driver behavior like speeding and hard braking. Other tools, like Cell Control, can block use of GPS systems or phones with a company vehicle.

The roadworthiness of the vehicle is an important aspect of safe driving. Those operating a vehicle under a CDL license are required by law to inspect their vehicle before and after a trip. Though a CDL license may not be necessary for drivers working in smaller fleets, all businesses should consider a vehicle review system and preventative maintenance program. Include not only the manufacturer's recommended maintenance schedule, but also employee reports. Employees could be asked to submit a monthly report on the vehicle, from how worn the brakes feel to observable alignment issues. Any problems should be addressed immediately, before that vehicle hits the road.

Maintenance can be your best defense after an accident—if you have documented it. Companies should maintain documentation of any preventative safety measures and policies and procedures intended to create safer drivers. This helps defend against claims of negligent management practices.

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LOSS REPORTING: WHEN THERE'S AN ACCIDENT

Unfortunately, despite a company's best efforts, there is a chance employees will make mistakes, make poor decisions or encounter unfavorable driving conditions and get into accidents. After all, there are about six million motor vehicle crashes in the U.S. every year. It is nearly as important to plan for what managers and drivers must do in the wake of an accident as it is to seek to prevent it. This begins well before there is an accident. Employees should be trained in post-accident procedures, including documenting the crash, who to call and what to say.

Post-accident loss control procedures are supported by an accident kit, which should be included in each company vehicle. This "kit" can be as simple as an accident form to fill out about the conditions of an accident. It can ask the employee questions critical for filing a claim, such as the direction he was traveling, weather conditions, what traffic signals were involved and whether or not those signals were missed. Rather than waiting a week, during which key details may become fuzzy memories, encourage employees to act quickly to document the accident.

During training, it is important to emphasize that employees involved in even a minor accident should never flee the scene. Encourage employees to counter their panic by calling a manager or other staff member; someone who is calm and equipped to help can support them in following proper procedures.

We also recommend the employee call the police, even for fender benders. This can be intimidating because police may issue a citation where appropriate or make a decision about fault based on their observations of the scene. However, they do not always determine fault (and are less likely to now than in the past). No matter what their role is in fault-finding, they play other important roles at the scene of an accident: functioning as a calm third party, identifying the number of occupants in each vehicle, documenting the weather and taking note of any security cameras in the area. When communicating with police and any other parties involved in the accident, employees should not admit or imply their fault, as this can complicate claims handling.

Security cameras are everywhere these days, but they should not be the only source of photographic documentation. The employee should be trained to take pictures of his damaged vehicle from at least four angles. He should also take photos of any other vehicles involved, people in the vehicles and contributing factors, like a big pothole he swerved to avoid. This expedites the insurance claim, allowing the claims adjuster to corroborate stories from the people involved and determine more accurately who was at fault. The faster that information with ample detail about the accident is submitted to the insurer, the easier it is for the claims team to settle the claim.

An accident can serve as a teachable moment for every employee at a company. Some organizations choose to establish accident review committees, comprised of company leaders who review driver behavior and accident photos and have discussions with drivers involved. The committee may choose to include other employee drivers in the procedure or share findings with them, to allow them to benefit from the loss control perspective.

This collective experience is useful—critical, in fact, for preventing and mitigating the impact of future accidents. Yet no amount of experience can replace safety precautions. Accidents can always happen, and we cannot expect accident rates to decline significantly in the near future. **Establishing safe driving policies, procedures and management practices does more than protect employees and other drivers; these practices support the longevity of the business as a whole. When your company's vehicle is driving down the road, it looks like there's just one driver behind the wheel. Yet, they carry with them the entire company's reputation and financial well-being.**

SOURCES & FURTHER READING

INSURANCE INFORMATION INSTITUTE

[Distracted Driving](#)

PROPERTYCASUALTY360/NATIONAL UNDERWRITER

[5 reasons why auto accidents are on the rise](#)

[A harder road ahead for Commercial Auto](#)

WALL STREET JOURNAL

[Insurers are warning about the new distractions inside your car](#)

[Smartphone addicts behind the wheel drive car insurance rates higher](#)

OTHER RESOURCES

[CDC – NIOSH: Distracted Driving at Work](#)

[Governors Highway Safety Assoc.: Distracted Driving Laws by State \[pdf updated Jan. 2017\]](#)

[National Safety Council](#)

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