

PMP » Direct to You THE INSURANCE GUIDE

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Car accidents drive PMP insurance losses

While types of claims vary, all can mean rate hikes for your business

By **PETER YOUNG**

Pest management professionals work with pesticides and high heat around their customers' most valuable possessions, within their most expensive possessions—their homes. So, you might think the biggest risks inherent to the job are somewhat obvious. However, the bulk of the insurance claims we see from PMPs do not result from on-site incidents. Rather, they are the result of getting to and from the customer's home: traffic accidents.



Why traffic accidents, and why PMPs?

PMPs are not alone—traffic accidents are a problem for every business that requires employees to drive. The Bureau of Labor Statistics reports that "occupational transportation incidents" result in 1,766 deaths per year. That represents 38 percent of the 4,547 fatalities that occur from occupational injuries in a year.

PMPs are particularly prone to accidents because they have to drive to many locations throughout the day. This creates more risk of and exposure to having an accident than a building contractor, who also drives a company vehicle but generally stays at one site or two sites in a working day.

Types of insurance claims

The types of accidents driving PMPs' auto insurance claims run the gamut. Most commonly, they fall into these categories:

- Intersections
- Red lights and stop signs

- Parking lots
- Backing out of and into customers' driveways
- Hitting parked cars and other stationary objects
- Speeding
- Objects falling off the vehicles

Though none of these sound catastrophic, the costs of such driving incidents and accidents can add up and affect your insurance rates.

Critical loss control techniques

If you are looking to control your commercial auto insurance costs, you should look closely at your employees' driving habits. When we consider an application from PMPs for new commercial auto coverage, we look for frequency and types of accidents; speeding, going through red lights and reckless driving are red flags.

But we also know that pest management companies with a driver safety driving program incur less frequent and less expensive auto claims. Driver safety courses, company-wide driver safety programs and defensive driving classes all train PMPs to drive safely on the job and are associated with less frequent accidents.

Driver safety begins with hiring safe drivers, as I discussed in a previous newsletter ("PMP Vehicle Safety Comes in All Sizes," September 2012.) A PMP's past driving record is a key indicator of future performance, so you should gather information on a candidate's driving history, require a driver's license, review the candidate's Motor Vehicle Record and discuss driving during any interviews. You may also want to administer a written test to ensure candidates are clear on the rules of the road.

The condition of the PMP's vehicle also affects the frequency of auto claims. A clear maintenance program for a pest management company's vehicles will keep the vehicle in top performance and safety. Such a program should include regular maintenance of brakes, lights, oil and tires, as well as necessary state inspections.

Employers are now installing GPS units into vehicles to help monitor the speeds and locations of vehicles. This has helped drivers be more aware of problems with speeding. Some GPS systems even allow employers to monitor the condition of vehicles.

Driver safety may seem like common sense. But it is an all-too-often neglected component of the profitability of your business. With the amount of time PMPs spend driving from site to site, pest management companies need to implement driver safety programs and proven loss control tactics.

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