



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

Construction Fleet Safety

Explosive mixed fleet exposures,
laws & best practices



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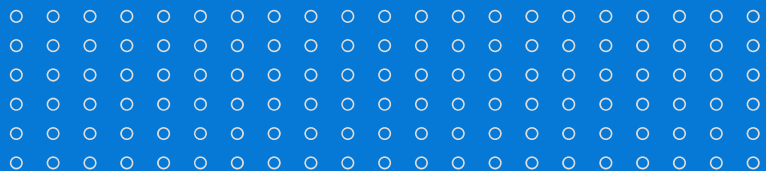
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Agenda

- 1 The Insurance Market Landscape
- 2 Fleet Auto Risk in Construction
- 3 Atomic Verdicts
- 4 FMCSA Audits
- 5 Ways to Build Your Fleet Safety Program
- 6 HUB Risk Services



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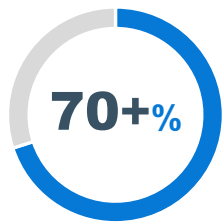
The Insurance Market Landscape

...and the impact on your business.

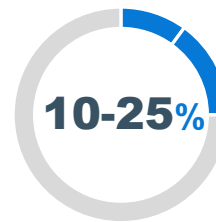


Forecast: Stormy with Cost Increases Likely

Insurance Rates Are Going Up



of customers are
receiving an increase.



is the average cost increase
*(some are experiencing
much more)*



or more of an increase or
non-renewal of policy for
businesses with:

- excessive losses
- heavy commercial fleets



Transportation is the **only
industry with greater
increases** than construction.

Business Auto Is The Loss Leader



Poor performance in all
industries and jurisdictions.



Impact on Workers Compensation
& Umbrella Liability.

Auto Insurance Cost Increases: Underlying Causes

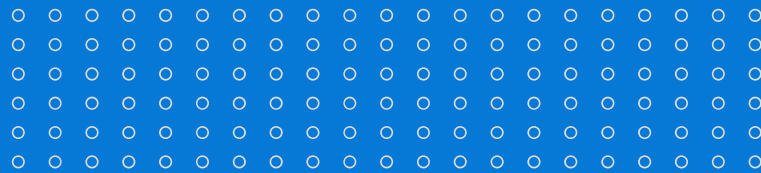
Drivers, Drivers, Drivers	Accident Trends	Social Inflation
<ul style="list-style-type: none"> ○ Unqualified ○ Distracted ○ Young & inexperienced ○ Fit for Duty – mental health & substance abuse 	<ul style="list-style-type: none"> ○ Motor vehicle crashes are the leading cause of work-related deaths in the U.S. ○ Losses are more severe than previously ○ 25% of fatal crashes in trucks 10,001-26,001 GV(C)WR ○ Staged crashes continue to cause concern 	<ul style="list-style-type: none"> ○ Increase in nuclear verdicts over \$10 million ○ Juries want to penalize companies that are deemed responsible for auto accidents ○ 110-year prison sentence ○ In 2019 alone, work-related crashes cost employers \$39 billion <ul style="list-style-type: none"> • \$75,000 per nonfatal injury • \$751,000 per death

What Makes Your Business a “Good Risk?”

Through the Lens of an Insurance Company

- ☐ Who You Are
- ☐ What You Do
- ☐ How You Do It... Safely

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Fleet Auto Risk in Construction

An overview and why managing
it is important.



Every Size Contractor Has Fleet Exposure

If your employees travel between jobsites or from the office to the jobsite, there is auto exposure:

- You own the vehicles
(*owned auto*)
- Your employees own and utilize their personal vehicles for travel that benefits the business
(*non-owned auto*)

Stakeholders have the responsibility to protect the company from unnecessary financial loss.

Auto Accident: Even if it's not your fault, the impact can be significant.



Background

A contractor's employees met up at the shop, loaded a trailer, and carpooled in the foreman's truck to a project a few towns over.



Incident

In-route, an aggressive driver rear ended them on the highway while traveling the same direction. The vehicle lost control and went into a ditch where it rolled several times.



Result

Driver and 2 passengers had serious injuries.

Auto Accident: Even if it's not your fault, the impact can be significant.



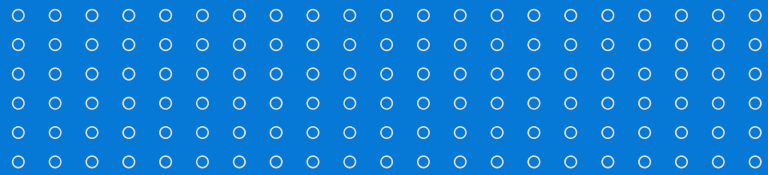
Direct Business Impact

- Uninsured motorist led to client's auto policy being primary
 - \$1M coverage limit
- 3 WC Claims totaling \$684K
 - 0.30 to 0.39 impact on EMR
- Project completion delayed 3 months
- Other projects also delayed

Indirect Business Impact

- Unreplaceable talent
 - Foreman had 30 years experience
- Ironworkers were both Journeymen
 - 28-year-old will never return to construction work
- EMR initially increased to 1.25

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Atomic Verdicts

What are they, and how can you prevent them?



What's an Atomic Verdict?

These are claims where the **value is over \$10M**

Designed to **make an example** of the defendant

Common use of the **“reptile theory” with jurors**

Plaintiff's goal is to **highlight defense's negligence**

Often result in **end of business**

A Brief Discussion on Negligence

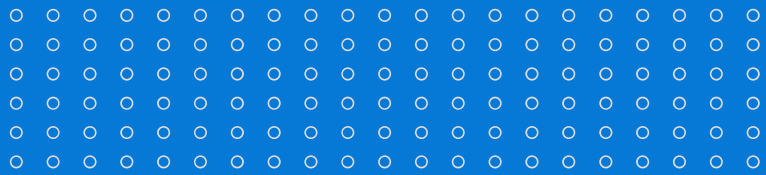
Your “Defensive” Actions

- ✓ Compliant with regulations
- ✓ Initial Orientation w/ driver training
- ✓ Annual DOT vehicle inspection
- ✓ MVR at hire is clean
- ✓ Your driver is not “at fault”

Plaintiffs’ *(Offensive)* Attacks

- Compliance = minimum; didn’t prevent this crash!
- **Your** driver’s a victim for not getting **More** training
- Lack of maintenance performed
- Recent speeding violation unknown to you
- Your entire fleet is not compliant, trained, etc.

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FMCSA Audits

Triggers, types and outcomes of audits



Common Regulatory Audit Triggers



Crashes

Out-of-Service Violations

Patterns of Noncompliance

New Entity Safety Audit


Complaints

FMCSA CSA / SMS



**FMCSA**
Federal Motor Carrier Safety Administration

LOGIN |

**CSA**
Compliance • Safety • Accountability

Working Together for Safety.

SMS Safety Measurement System

A&I CSA SMS **OVERVIEW** TOOLS HELP SEARCH

QUICK SEARCH
Enter Carrier Name or U.S. DOT#

U.S. DOT# has no current for-hire operating authority with FMCSA.

DBA: AMS GROUNDS
U.S. DOT#:
Number of Vehicles: 34
Number of Drivers: 26
Number of Inspections: 64

Safety Rating & OOS Rates
(As of 01/11/2022 updated daily from [SAFER](#))
Not Rated

Out of Service Rates

Type	OOS %	National Avg %
Vehicle	15.8	21.1
Driver	1.5	5.7
Hazmat		4.5

Licensing and Insurance
(As of 01/11/2022 updated hourly from [L&I](#))
Active For-Hire Authority

Type	Yes/No	MC#/MX#
Property	No	
Passenger	No	
Household Goods	No	
Broker	No	

BASIC Status (Public Property Carrier View) ?
Behavior Analysis & Safety Improvement Categories (BASICS)

How does SMS relate to crashes?

Based on a 24-month record ending December 31, 2021

**UNSAFE DRIVING**


**CRASH INDICATOR**

**HOURS-OF-SERVICE COMPLIANCE**

**VEHICLE MAINTENANCE**

**CONTROLLED SUBSTANCES AND ALCOHOL**

**Not Public HAZARDOUS MATERIALS COMPLIANCE**

**DRIVER FITNESS**

Types of Audits

Many audits to prepare for

- Offsite vs. Onsite
- Focused vs. Comprehensive
- Un-ratable vs. Ratable



Much more likely to have offsite, focused, un-ratable during COVID

Outcomes of Audits – Safety Rating Determination



Pass
Satisfactory

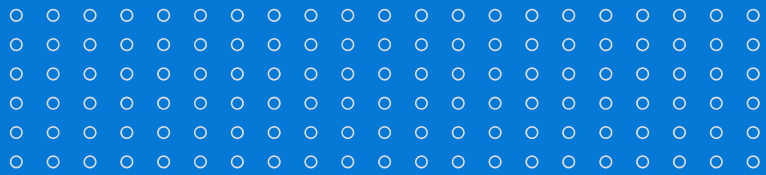


Fail
Unsatisfactory

Conditional

Un-ratable

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Ways to Build Your Fleet Safety Program

Your Blueprint for Controlling Costs and Risks



Construction Fleet Safety Operational Best Practices

1

Fleet Safety Program

2

Driver Selection

3

Driver Training

4

Driver Retention

5

**Accident Investigation
Program**

6

Vehicle Technology

7

**Maintenance Schedule /
Equipment Program**

8

**Driver Incentive
Programs**

9

Work Area Protection

Best Practice #1: Fleet Safety Program

Policies and Procedures

- Company rules, roles and responsibilities
- Disciplinary actions
- Training lifecycle
- Examples:
 - Policy to report moving violations within 24 hours
 - MVR checks

Types of Programs

- Drug and Alcohol Program
(may vary by state as well as DOT / Federal Law)
- Accident Investigation Program
 - Root Cause Analysis
 - Preventable vs. Non-Preventable
- Maintenance Program
- Lease / Purchase Specifications Program

The Case for Driver Selection



Background

30 days after hire an employee was involved in 2 accidents in the same day.



Incident And Costs

Accident 1 – Minor Fender Bender

- Less than \$5K deductible

Accident 2 – Rolling the Truck and Attached Trailer

- \$20.9K for towing, storage, and cleanup of roadside
- \$12K for trailer contents
- \$26.8K for truck and trailer

Total for the Day = \$59.7K + Deductible (<\$5K)

Best Practice #2: Driver Selection

Background Check (*3 to 7 years*) and / or **MVR** (*annually or monitored*)

MVR Evaluation Tool

Drug & Alcohol Screening

DOT: Driver Qualification File Process

Best Practice #3: Driver Training

Develop a tailored Defensive Driver Training Program

Provide Road Test and / or In-Vehicle Observation

Remedial Driver Training – Post Accident/Near Miss

Refresher Training — Annually or as needed based on performance

Written Exam — Provide a scale for evaluating comprehension of training

Fleet Safety Program Acknowledgements

(D&A Program, Reporting Violations, Distracted Driving Policy www.osha.gov/distracted-driving, Personal Use of Vehicles, Telematics, Disciplinary Actions, Code of Conduct and Code of Ethics)

Best Practice #4: Driver Retention

Review of the driver's performance

Evaluation of completed training programs

Compliance with company policies and procedures

Review of any accidents / collisions

Updated Motor Vehicle Record

Updated driver acknowledgment on company fleet programs

Best Practice #5: Vehicle Technology

ELDs, Telematics, Cameras, Radars, Lidars, oh my!

- Proven devices that can help improve driver behaviors and performance.
- **Define what events you care about:** hard brake, impact, seat belt, lane change, speeding, etc.
- **Define how the data will be used:** discipline, coaching (*define progressive discipline policy*), training, etc.



The Case for Technology



Background

Client had a truck & trailer stolen from the side of interstate expressway with the foreman / crew 100 feet away.



Incident and Costs

A guy pulled over on side of expressway and asked for directions while another individual got out and drove off in the client's truck w/trailer. The keys in it while parked onsite.



Results

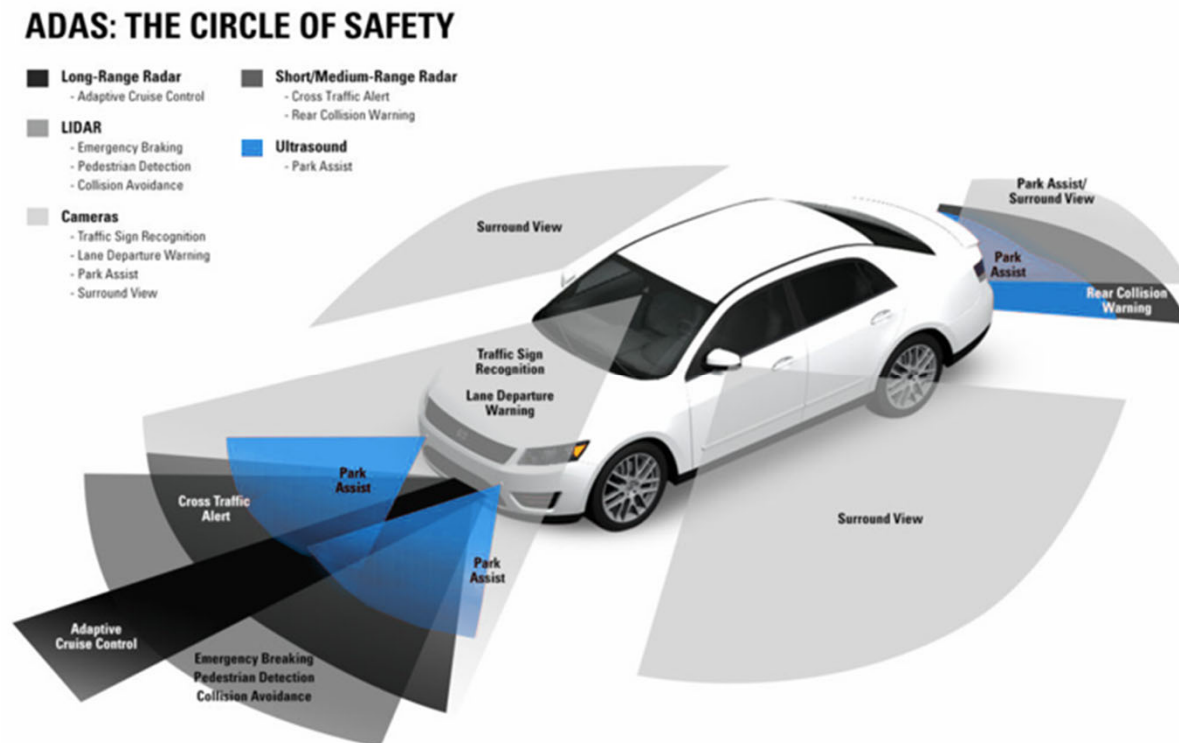
- The truck that was stolen during the meeting didn't have GPS, but... *the bobcat that was sitting on the trailer did!*
- Client was able to notify the police of the location of the stolen truck, trailer and bobcat.
- And *(after a short shootout with the police)* all the equipment was recovered.

Best Practice #5: Vehicle Technology



Advanced Driver Assistance Systems (ADAS)

- Recent data, based on 11M vehicle claims, those with ADAS:
 - 23% lower bodily injury claim costs
 - 14% reduction in property damages
 - 8% reduction in collision costs
- Added protection against negligence claims

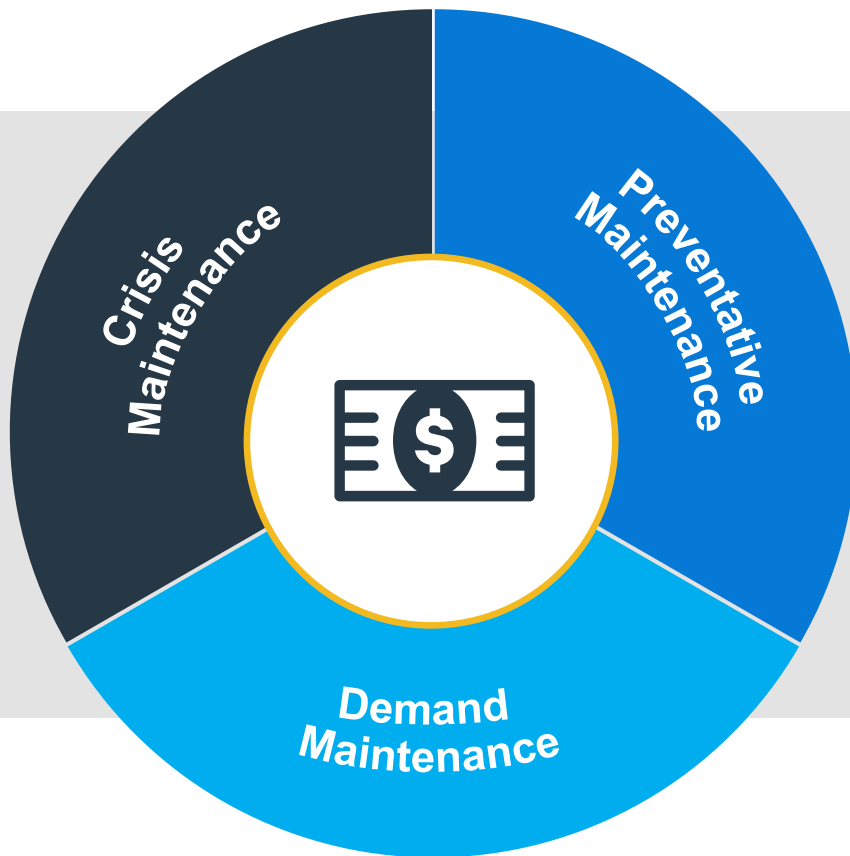


Best Practice #6: Accident Investigation Program

Purpose: Policy that establishes a consistent approach for the **reporting, investigation, and recordkeeping of all vehicle collisions.**

- Training should be provided to supervisors / managers on how to investigate collisions for **"root cause."**
- Committee Review for Preventability
- Disciplinary Actions and Remedial Training of the Driver

Best Practice #7: Maintenance Schedule / Equipment Program



Best Practice #8: Driver Incentive Programs



- Develop a baseline ROI for your operations to implement a comprehensive and collaborative program for you drivers / fleet.
- Monetary, Prizes, Swag, etc.
- Annually / Quarterly / Monthly

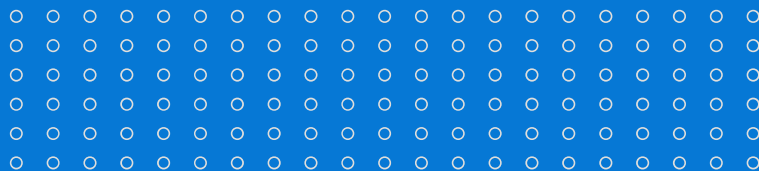


- Evaluate what metrics will be used in evaluating drivers and managers: Telematics, Driver Training, Accident Free, Customer Feedback, etc.
- Production should *not* be one of the metrics used in the program.



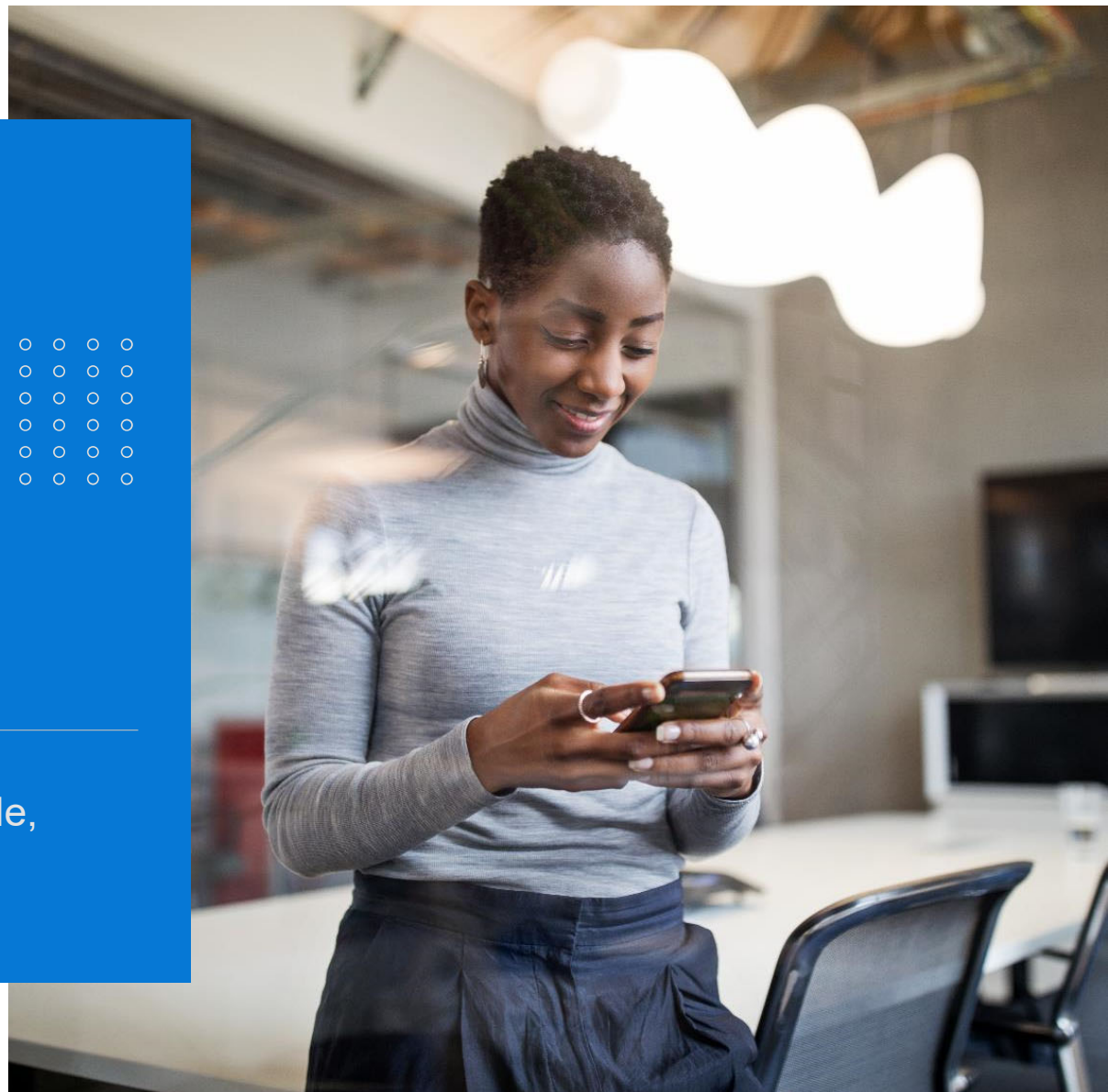
- Align rewards with performance – driver rankings
- Include as part of the Annual Driver Performance Review
- Revise Annually to ensure the company is maintaining and / or improving on their ROI

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HUB Risk Services

Protecting what matters most: your people,
your property, and your profitability.



Control Costs and Protect What Matters Most

HUB can partner with you to help:

- Fleet Risk Management
- Construction Insurance Expertise
 - Excess and Surplus
 - Surety and Fidelity
 - Commercial Auto
 - Marine and Aviation
 - Health and Life



Fleet Safety Resources from HUB

HUB Drive Mobile Safe app or HUB Drive Online

Visit our Fleet Risk Management page to access FREE driver safety resources and more:

- Defensive Driving Training Program
 - Sample Commercial Vehicle Phone Policy
 - Accident Reporting Kit
 - Much, much more!
-



Q&A

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