

Marsh Construction Webinar Series Fleet Safety Programs

"What Does Best Practice Look Like"

Our Panel

Richard Bleser

Fleet Specialty Practice Leader

Eric Nelson

Transportation Safety and Compliance Consultant

Rick Reinoehl

National Transportation Industry Practice Leader

Ann Miller

Senior Claims Advocate

Carolyn Clements

Senior Casualty Advisor

Fleet Safety Programs

Why Focus On Fleet Safety



Vehicle collisions are a leading cause of workplace fatalities



Average cost of Auto Liability claims are increasing at an alarming pace



Auto Liability & Excess insurance premiums continue to rise

Social inflation is the rise of claim costs above general economic inflation



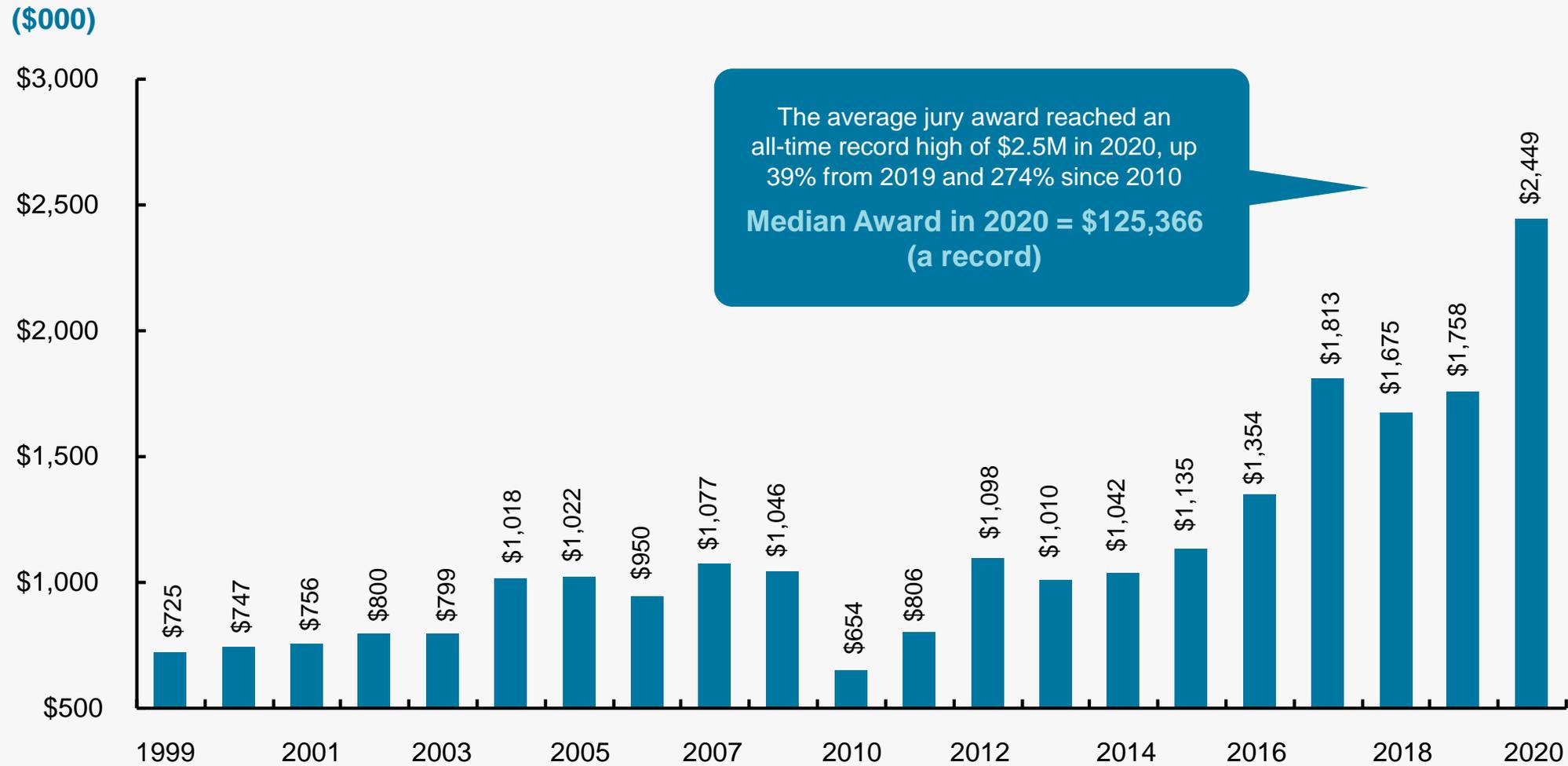
Increased monetary damage awards and “nuclear” verdicts are impacting loss severity.



Social inflation drivers include:

- Powerful trial lawyers’ lobby
- Desensitized jury pools
- Litigation funding
- Nuclear Verdicts

Average Jury Awards, 1999 –2020 (latest available)



Source: Jury Verdict Research; *Current Award Trends in Personal Injury* (61st Edition), Thomson Reuters; Risk and Uncertainty Management Center, Univ. of South Carolina.

Shifting Jury Attitudes



Shifting Jury Attitudes –

A DecisionQuest study interviewed potential jurors really drives home how society views large companies today:



88% of the respondents believe that companies should take “any and all precautions” no matter how impractical or costly, to ensure the safety of their products.



58% of respondents believe a corporation “always” has some responsibility for the injury, even if the customer is injured while misusing a product.



Furthermore, negative feedback about brands increasingly goes viral on social media, further reinforcing newer cultural attitudes about corporate responsibility.

Third-Party Litigation Funding

Where outside parties (like hedge funds) finance litigation. TPLF has become a \$17 billion industry globally, with the United States accounting for over half of that amount.



Nuclear Verdicts

Jury verdicts exceeding \$10 million in punitive and compensatory awards, are a major contributor to social inflation. They often arise from sympathetic juries perceiving big businesses as responsible for plaintiffs' injuries. Product liability, auto accident, and medical liability cases are most frequently associated with nuclear verdicts.



Transportation Road

Companies engaged in the transportation of passengers and/or products by roadway.

Sample Large Losses

Date of Loss	Loss Details	Location	Incurred Amount
2021	College student killed as a result of two crashes caused by truck drivers' negligence	USA	\$1B
2021	Multiple-vehicle crash caused by tractor-trailer resulting in extensive injuries to plaintiff	USA	\$43M
2021	Airline employee suffered paralysis after being hit by truck	USA	\$352M
2022	Retaliation verdict against transportation company that fired employee complaining of discrimination	USA	\$366M
2022	Lawsuit against truck driver and employer for traumatic brain injury caused by roadway collision	USA	\$52.3M
2023	Under the influence driver kills nurse	USA	\$745M
2023	Truck driver was high at time of fatal crash	USA	\$409.1M
2023	Road worker injured by sleep-deprived driver	USA	\$103.5M
2023	Hit-and-run crashes left plaintiff with severe injuries	USA	\$100.6M
2023	Father and son killed in collision with 18-wheeler	USA	\$83.9M
2023	Drunk driver caused physical and psychological injuries	USA	\$77.5M

Construction

Companies engaged in project design, engineering, development and construction.

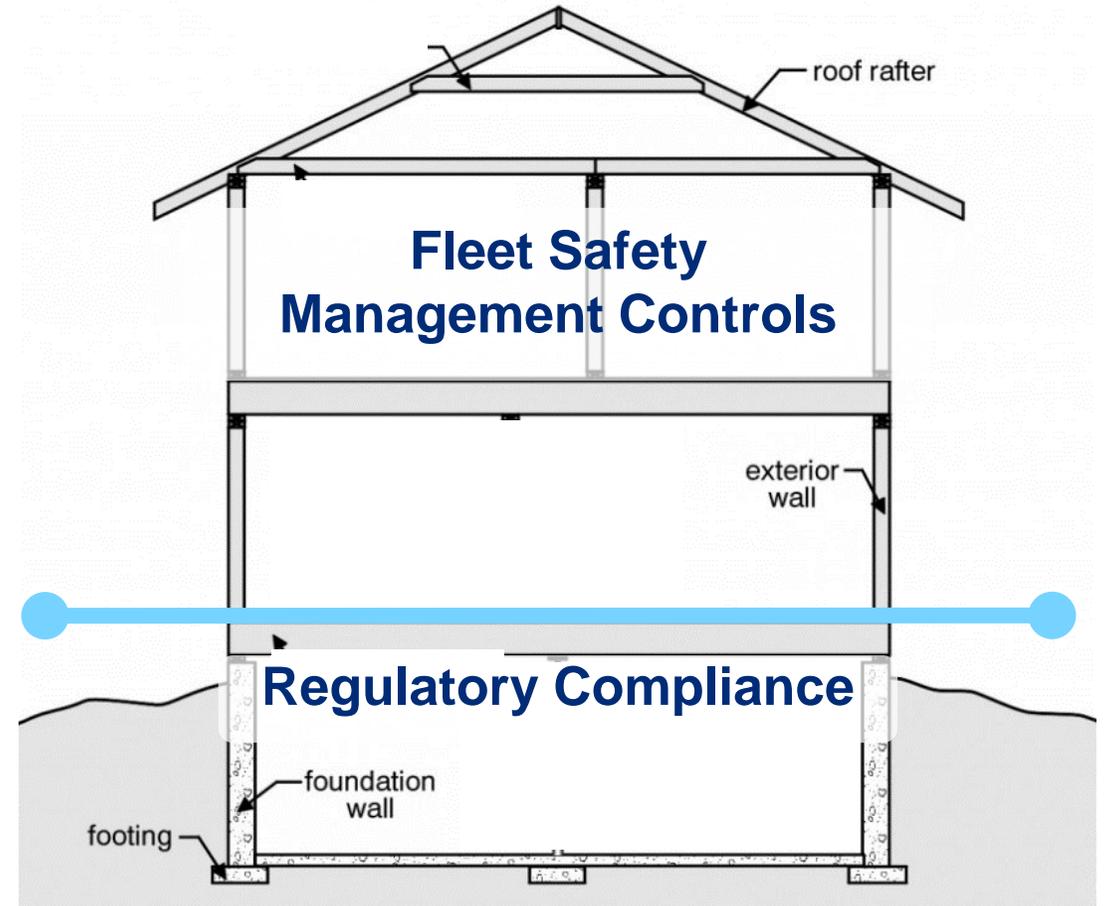
Sample Large Losses

Date of Loss	Loss Details	Location	Incurred Amount
2018	Expansion of airport runway and related roadway construction caused flooding, loss of access and other damage to property	USA	\$42M
2019	Individual paralyzed after riding bicycle into open construction trench	USA	\$20M
2019	Construction workers dropped subway beam, crushing spine of cyclist	USA	\$11M
2020	Class action alleging misstatements regarding "clean coal" power plant construction project	USA	\$87.5M
2021	Mason suffered spinal injuries after falling from scaffolding	USA	\$26.6M
2021	Worker backed up construction vehicle on highway, causing collision and brain injuries to truck driver	USA	\$18.9M
2022	Death from being hit with falling tree while on dirt bike due to excavator improperly on track	USA	\$22M
2022	Spinal injuries to worker who fell due to improperly placed temporary wooden staircase	USA	\$48M
2023	Improperly set crane led to woman's death	USA	\$860M

Fleet Safety Program Components

Regulatory Compliance Provides The Foundation For Safety

- ▶ 100% Focus On Compliance
- ▶ 12% had a FMCSA CR in past 5 yrs.
- ▶ 48% had a Mock FMCSR Peer Review



Fleet Safety Program Components

Written Fleet Safety Standard Operating Procedures

- Comprehensive Written Corporate Policies and Procedures Manual (“How To” guidelines for management)

- Driver Handbook – “What” processes to inform drivers.

- Continuous Improvement Strategic Action Plan

- Process Management Program (self-auditing procedures to build accountability and consistency)

- Non-owned Vehicle and Sub-hauler guidelines



Fleet Safety Program Components

Non-Owned Vehicle Exposures

- Adopt and adhere to written **Non-owned Policies and Procedures** (including reimbursement/compensation)
- Vehicle operators **qualified** (similar standards as company drivers)
- Minimum **Insurance Coverages** established (requires monitoring of insurance coverage)
- **Compensate** vehicle operator for increased insurance premiums (due to adding business use endorsement)
- Must continue to manage vehicle operators as **liability exposure** extend (minimal transfer of risk)
- Conduct **safe vehicle operation/defensive driving** instruction
- Identify **acceptable vehicles** (commercial motor vehicles, pick-ups, cars, motorcycles, scooters, UTVs, etc.)
- **Inspect** non-owned vehicles for safety and reputational risk
- Signed **Vehicle Use Agreement** for Employee Owned/Leased Vehicle (conditions defined within agreement)

32% have non-owned policies | 26% run MVRs on non-owned vehicle operators | 14% have non-owned vehicle specifications

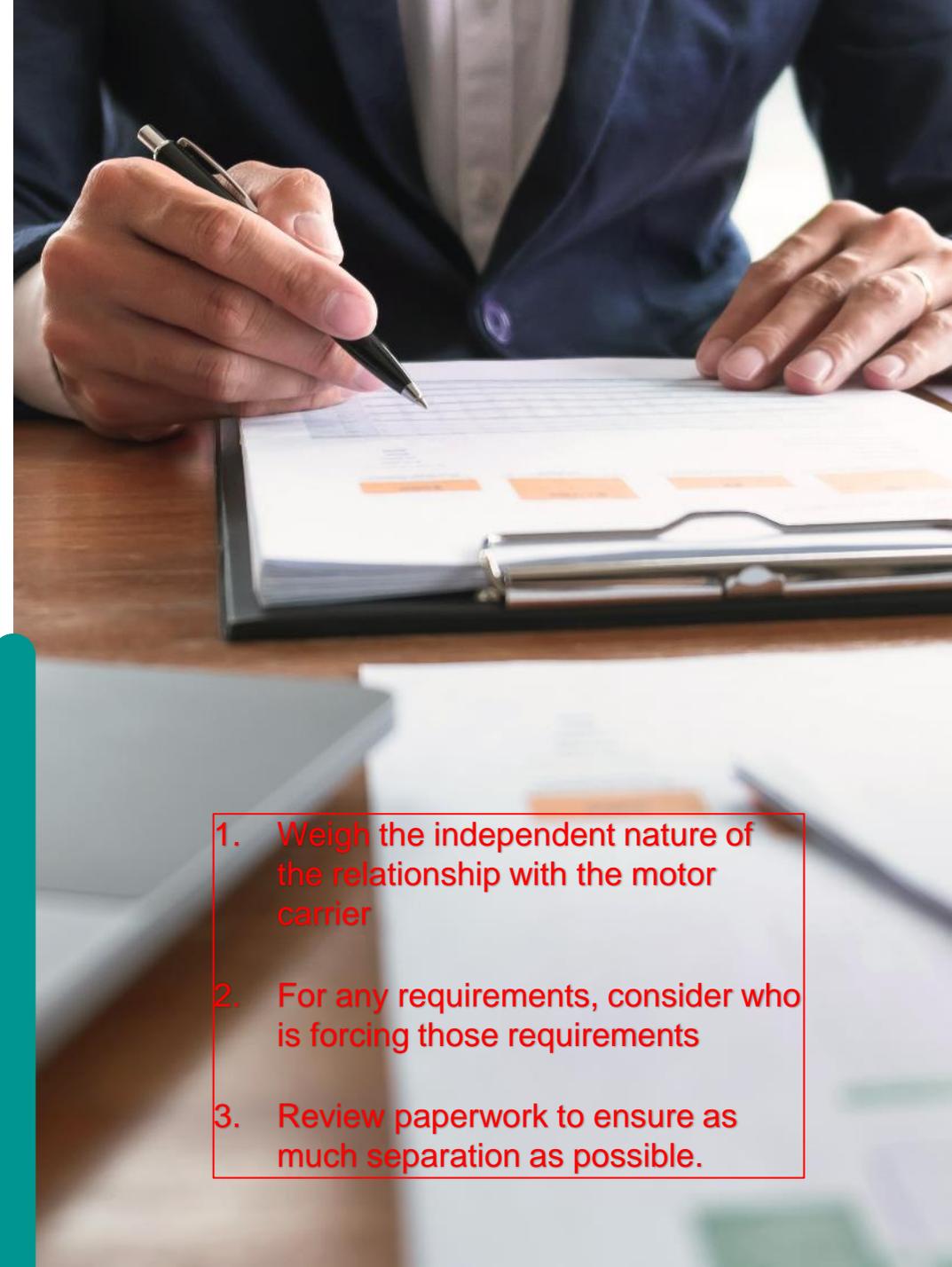


Fleet Safety Program Components

Sub-hauler Guidelines

- What is a Sub-Hauler as it relates to the Regulations?
 - Usually a Motor Carrier, but Operating Authority is the only measure
- Minimum Verification Standard
 - Operating Authority
 - Insurance Verification
 - FMCSA Safety Rating (Satisfactory/None v. Conditional v. Unsatisfactory)
- Negligent Selection (safety scores / records)
 - Availability of data – Intrastate v. Interstate
 - Safer System v. Outside Resources
 - Internal records
- Vicarious Liability Considerations
 - Control (Where/When/How)
 - Equipment
 - Exclusivity
 - Performance and Safety Requirements

65% have sub-hauler selection guidelines | 22% use an outside resource to qualify sub-haulers



1. Weigh the independent nature of the relationship with the motor carrier
2. For any requirements, consider who is forcing those requirements
3. Review paperwork to ensure as much separation as possible.

Fleet Safety Program Components

Driver Qualification / Selection

- **Qualify** all potential vehicle operators (Full time professional drivers as well as casual drivers)
- Identify **objective standards**
 - Driving Experience
 - Licensing/Endorsements
 - Motor Vehicle Record (citations/convictions)
 - Collisions
 - PSP
- Motor Vehicle Record Checks (**MVR**)
 - At Hire – On-going (Continuous Monitoring; Semiannual; Annual) – Targeted
- **Certified** to operate vehicle class
 - Road Test
- **FMCSA** Requirements (where applicable)
- **Annual Recertification** Process

91% utilize objective qualification criteria | 78% qualify casual drivers | 44% engage continuous MVR monitoring



Fleet Safety Program Components

Driver On-boarding / Training

- Comprehensive classroom **orientation** & In-vehicle **on-the-job** training
- Formal **Defensive Driving Instruction** (classroom instruction and in-vehicle coaching)
- Regular driver **safety meetings** (monthly/quarterly)
- **Refresher** training (safe driving awareness) – online modules, tailgate talks, safety roundtables, posters, communiques, messaging, etc.)
- **Post Incident** remedial training (counsel, evaluative drive, & specific re-training)
- **Lead Driver Certification** program – preparing those who conduct in-vehicle coaching/evaluations
- **Mentoring** programs
- **Learning Management System** – capable of documenting participation, supporting custom content and check for learning exercises

85% engage a formal orientation | 69% conduct defensive driving instruction | 38% have a formal Lead Driver Cert. Program



Fleet Safety Program Components

Performance Management

- Key Performance Indicators (goals established – monitored performance)
- Annual Safety Performance Reviews (drivers and managers)
- Driver and Manager Safety Scorecards
- Safety **Recognition** Programs, Activities, Awards
- **Behavioral Based Safety** Management
 - Frequent Positive Reinforcement
 - Focus On Behaviors vs. Outcomes
- **Driver Performance Monitoring**
 - Observations and Ride-alongs
 - Telematics
 - Video Event Recording Devices
- Driver **Coaching**
- **Compensation**/Advancements Based Upon Safety Accomplishments

76% have a safety recognition program | 26% have comprehensive driver scorecards | 15% have a behavioral based safety program



Fleet Safety Program Components

Post Loss Management

- **At-The-Scene** Guidelines and Activities
 - App. Based Program (step by step guidance for responses and management at scene)
 - On-site Support (management report to scene)
 - Pictures and Video
- **Immediate Internal and External Reporting**
- **Collision Review** Process
 - Root Cause Analysis
 - Preventability Rulings
 - Lessons Learned Exercises
- **Benchmarking** (internal and external) To Monitor Performance
- **Analyze** Loss Data To Identify Trends So Countermeasures May Be Implemented.

96% have loss reporting procedures | 92% capture the scene through pics/video | 42% benchmark losses by type



Fleet Safety Program Components

Vehicle Management

- **Driver Vehicle Inspections**
 - Pre-trip, during route, and post-trip
- **Quarterly Vehicle Inspections**
- **Management Vehicle Safety Blitz**
- **Preventive Maintenance Schedule**
- **Emergency Road Service**
- **Personal Use Of Company Vehicles**
- **Rental – Pool Vehicle Use**
- **Non-Owned Vehicle Guidelines**

100% require vehicle inspections | 36% conduct safety blitz/gate inspections | 28% have non-owned vehicle guidelines



Fleet Safety Program Components

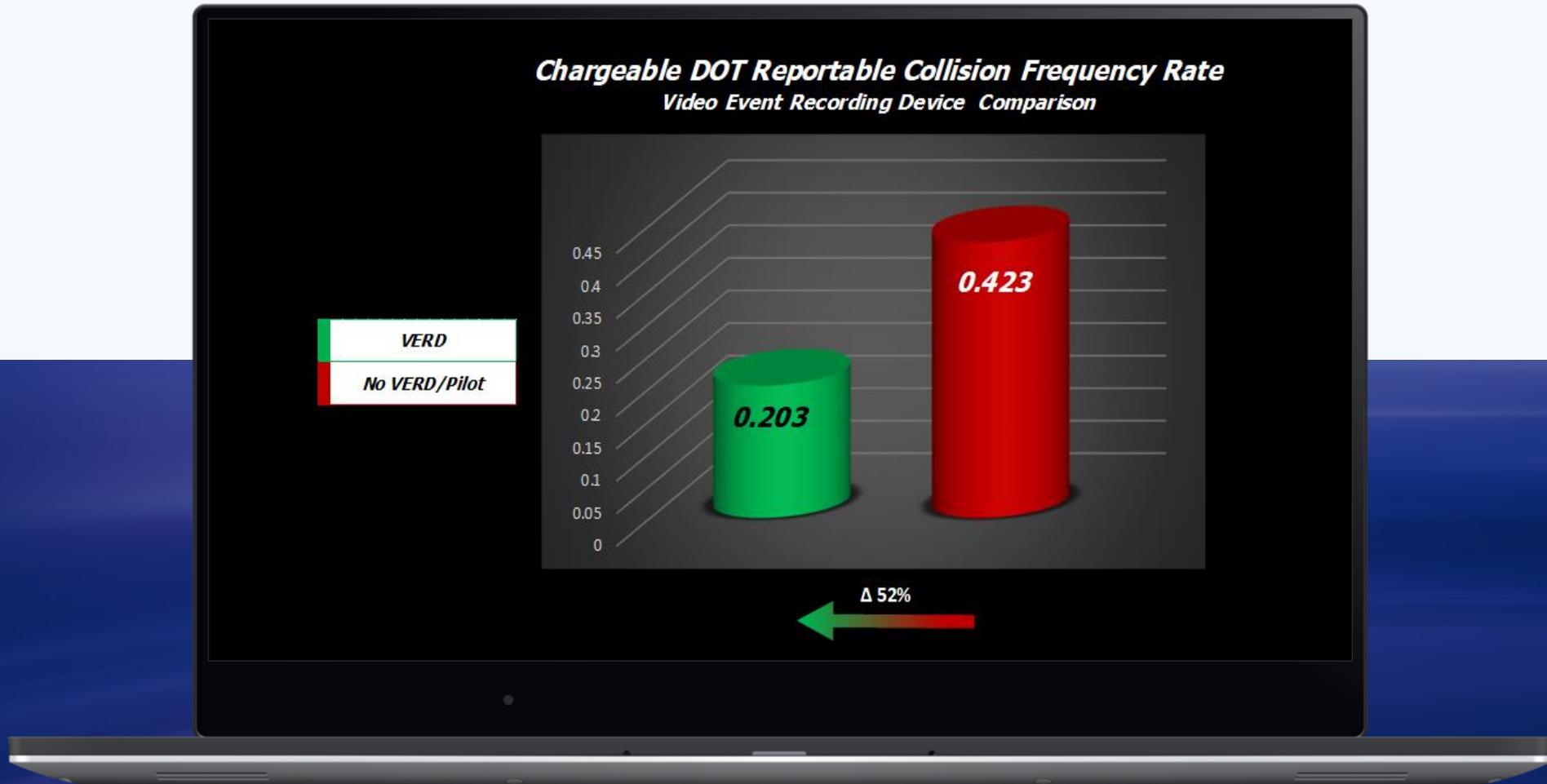
Advanced Technologies

- Not A Silver Bullet
 - Requires Solid Fleet Safety Program To Succeed
 - Augments Your Safety Program
 - Must Address Data Obtained
- **Telematics** (Data Driven Management)
 - Speed, Rapid Deceleration, Hard Cornering, Rapid Acceleration, etc.
- **Video Event Recording Devices** (Dash-cams)
 - Behavioral Monitoring
 - Captures Events
 - Artificial Intelligence, Machine Computing, Computer Vision Enhancements
- **Advanced Driver Assist Systems** (ADAS) – Semi Autonomous Technologies
 - Passive – Proximity, Blind Spot, Lane Departure, Frontal Closing, Speed Warning Systems
 - Active – Adaptive Cruise, Lane Keep, Park Assist, Auto-Braking, etc.
 - Significant Advancements Over Past 3 years From L1 – L3 Autonomy

74% use Telematics | 64% utilize VERD | 58% spec Vehicle Adv. Technologies

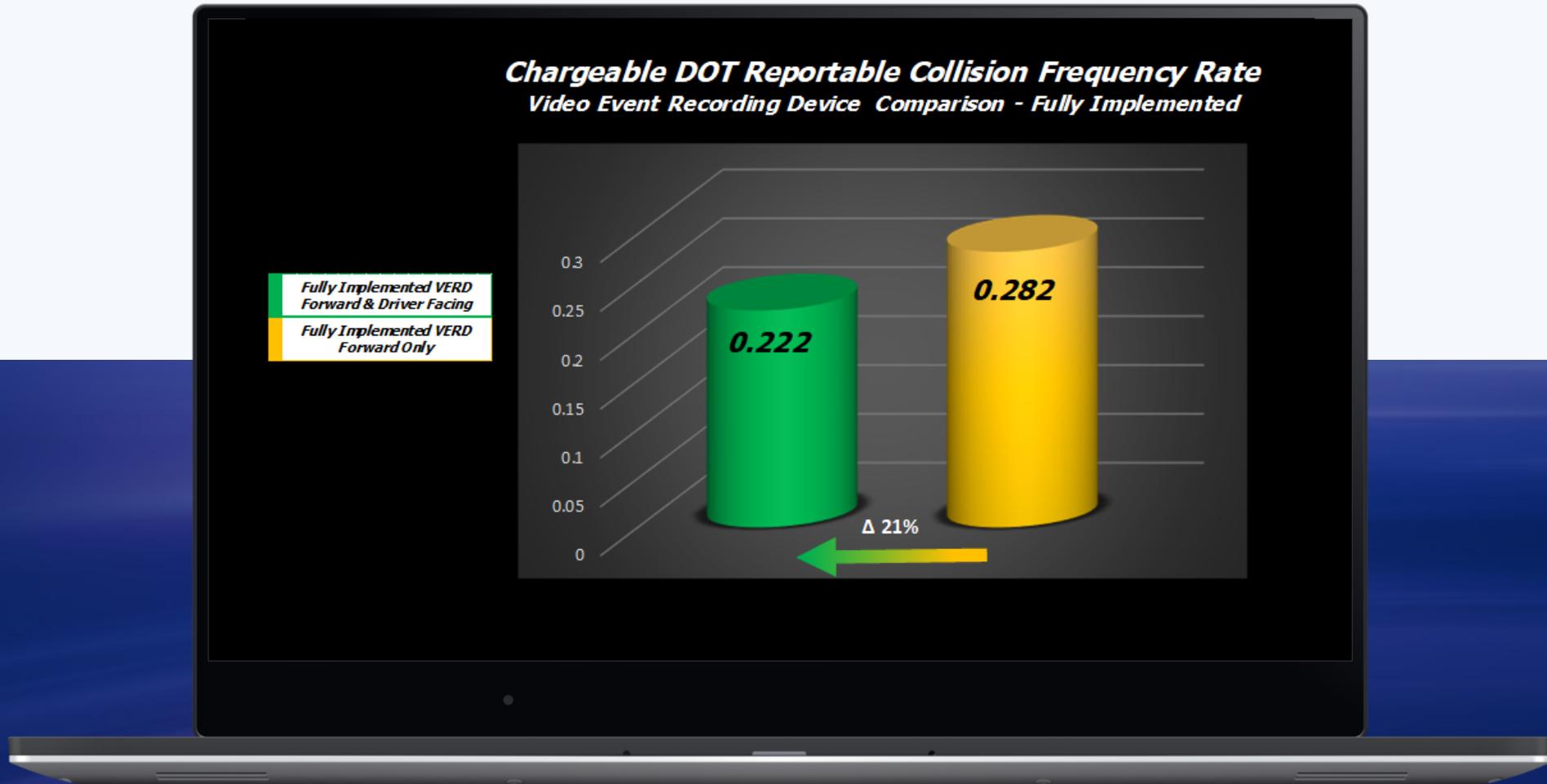


Video Event Recording Devices



Privileged and Confidential - Subject to Attorney Client Privilege and Other Privileges.

Video Event Recording Devices



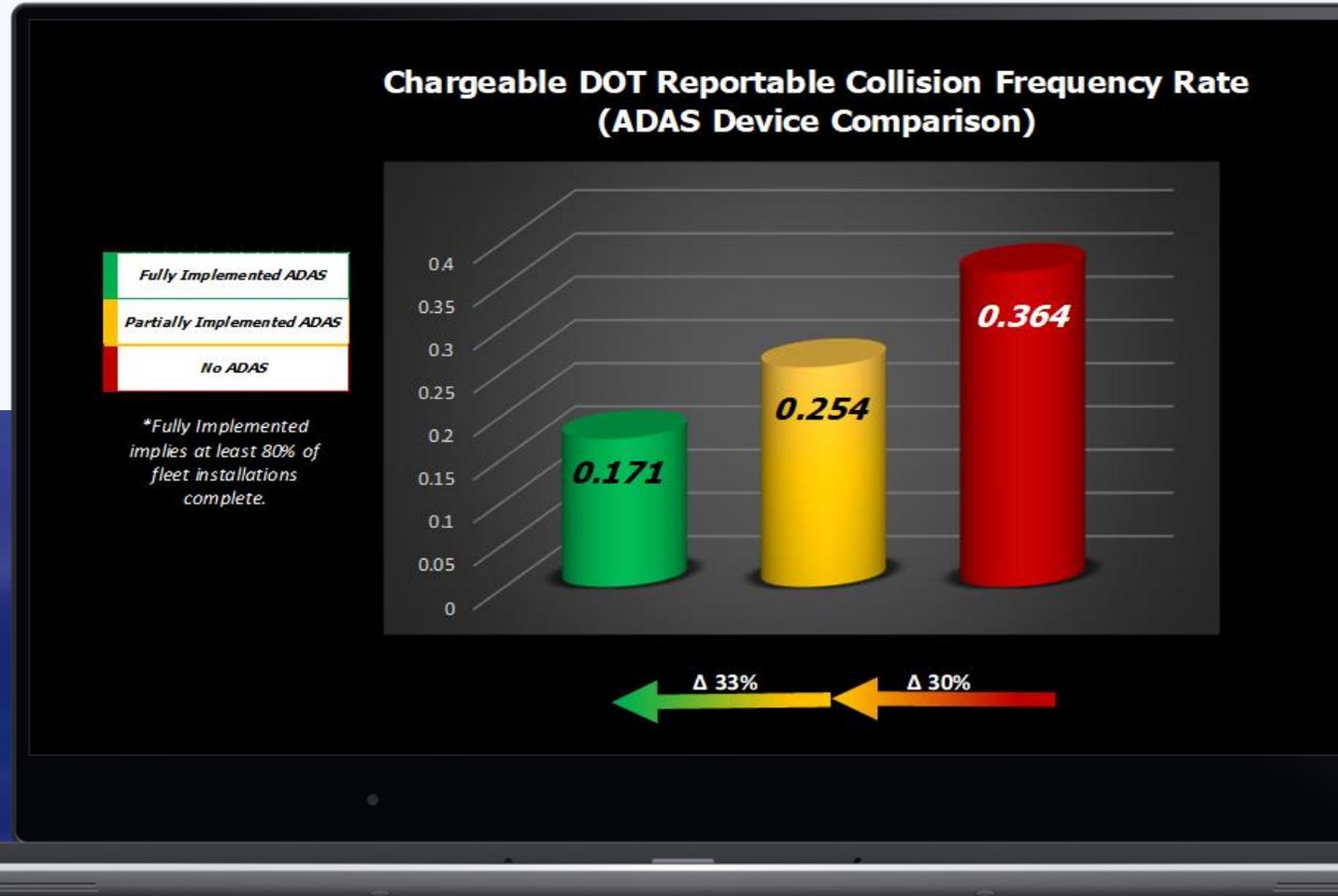
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Video Event Recording Devices



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Advanced Driver Assist Systems



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Advanced Driver Assist Systems



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- ▶ **You can only Manage what is measured**

- ▶ **People respond to what they are held accountable to**

- ▶ **Technology is a key to behavioral change and safety transformation**

What to do in the event of a loss:



Every Loss:

- Detailed accident reporting kit in vehicle;
- Report to on-site supervisor and designated carrier reporting representative immediately, or as soon thereafter as practicable;
- Report to carrier as soon as possible
 - within 48 hours



Catastrophic Response Plan:

- Identify carrier emergency claim reporting number and call in catastrophic loss
- Develop a relationship with an attorney within transportation industry who:
 - Can respond immediately;
 - Has relationships with engineers and an accident reconstructionist;
 - Can help driver respond to questions

Fleet Safety Programs

What Insurance Underwriters Are Looking For In Today's Fleet Exposures

- Robust risk management policies focusing on drivers and behaviors including
 - Driver selection
 - Driver training
 - Driver monitoring (MVR's, ongoing safety training compliance, GPS, telematics)
- Fleet maintenance
- Telematics
- Accident Reporting and Management
- Policy on employee owned vehicles*
- Identification of hired / non-owned vehicle use*

**there has been increased underwriting scrutiny around these items which may not have been historically captured by insured's*



Fleet Safety Programs

How Can Marsh Assist?



Fleet Safety
GAP Analysis



Fleet Safety Standard
Operating Procedures



Regulatory
Fitness



Driver Training –
PACE Behavioral
Driving Instruction



Insurance
Marketing Exhibits



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