

LOSS CONTROL TOPIC

AUTO SAFETY MANAGEMENT

Financial institutions are often surprised to find out that, although their frequency of automobile claims is usually low, their exposure to large damage awards arising out of the negligent operation of owned or non-owned vehicles is quite high.

There is a fatal automobile accident every 12 minutes in the United States and an accident causing personal injury every 10 seconds. Employers lose over \$60 billion annually in medical expenses, legal fees, property damage and employee lost time due to auto accidents. The average loss for an auto accident is \$16,500 for property damage and \$74,000 for bodily injury. Accidents involving fatalities can result in multi-million dollar damage awards.

Most financial institutions do not have large fleets of company owned vehicles; however, they often utilize hired and non-owned vehicles for company business purposes. Exposure to loss can arise from such activities as employees using their own vehicles on a regular basis to call upon customers or casual use such as asking someone to pick up lunch for a business meeting. If the use of the vehicle represents a benefit to the financial institution, there is a good possibility that damages for bodily injury or property damage arising out of the negligent operation of the vehicle could be brought against the financial institution.

AUTO SAFETY PROGRAM

A properly managed auto safety program can greatly reduce the exposure to loss. The purpose of such a program is to:

- Save lives and reduce the risk of life altering injuries to employees
- Protect your institution's human and financial resources
- Reduce your exposure to liability
- Create a "Be Safe" culture within the organization

- Instruct employees on safe driving techniques and provide incentives to good drivers

WHAT ARE ITS ELEMENTS?

Driver's Records

Driving records (MVRs - Motor Vehicle Reports) should be ordered as part of a background check on all prospective hires. Thereafter, the MVR's of all employees who drive on company business should be checked at least once a year and after any driving incident. Any major violations should trigger immediate employee counseling and follow up action. For a detailed discussion of motor vehicle record reviews and suggested actions, see our Risk Solution "Motor Vehicle Records".

Written Policies and Procedures

Policies and procedures regarding owned and non-owned vehicles should be written and published. All employee drivers should be required to read and formally agree to them.

The following should be part of those policies and procedures:

- *Regular Maintenance.* Preventive maintenance should be performed on all company owned vehicles in accordance with the vehicle manufacture's recommendations. Unscheduled spot checks of company owned vehicles should be performed to uncover any deficiencies. Employees driving their own vehicles on company business should be required to submit a vehicle inspection report and maintenance records to you on an annual basis showing the condition of critical safety items, such as; brakes, steering, suspension, lights and tires. Vehicle inspection and maintenance should be performed by an ASE (Automotive Service Excellence) certified technician. Regular replacement of company owned vehicles should be part of the preventive maintenance program
- *Distracted Driving.* Employee drivers should be prohibited from using cell phones or text messaging while driving. The use of headphones should also be prohibited. Any GPS devices should be hands free and verbal instruction enabled. The use of any prerecorded video display device in the driver's section of the vehicle should be prohibited
- *Safety Restraints.* All occupants of employee driven vehicles should be required to use seat belts or child restraints at all times

- *Permissive Use.* It is very important to clearly communicate who is allowed to use company owned vehicles. Some financial institutions restrict company vehicle use to the employee only, for company business only. The more common practice is that vehicle use is restricted to the employee and their family members, over the age of 18, living in the same household. A charge back for personal mileage is usually included in the permissive use section of policies and procedures
- *Impaired Driving.* The use of company vehicles while under the influence of intoxicating substances should be strictly forbidden. A conviction for driving under the influence or driving while intoxicated should result in the immediate suspension of business driving privileges
- *Insurance.* Employees driving their own vehicles on company business should be required to provide annual certificates of insurance on those vehicles providing auto liability limits of at least \$250,000
- *Incident Reports.* All drivers should be provided with a drivers accident report form to be used in the event of any driving incident involving property damage or bodily injury, no matter how slight. A sample form is available. All accidents should be reviewed by a company safety committee to determine their cause and whether or not they were preventable
- *Driver Education.* Employee drivers should agree to participate in at least one driver continuing education course per year
- *Reward/Incentive/Discipline.* An incentive program to reward employees for safe driving should be communicated as well as a disciplinary corrective action program to make safe driving part of your corporate culture. Incentives can be monetary, recognition or special privileges. Disciplinary action can be progressive, based on repeated violations or incidents

For discussions of other auto safety topics, please see our Risk Solutions; “Distracted Driving”, “Avoiding the Aggressive Driver” and “Staying Awake”.

Source Materials

* National Institute for Automotive Service Excellence, www.ase.com

National Safety Council – Motor Fleet Safety Manual www.nsc.org

National Highway Transportation Safety Administration www.nhtsa.dot.gov

Federal Motor Carrier Safety Administration www.fmcsa.dot.gov

Insurance Institute for Highway Safety www.iihs.org

Network of Employers for Traffic Safety www.trafficsafety.org

OSHA Guidelines for Employers to Reduce Motor Vehicle Accidents www.osha.gov

These guidelines are intended to offer general suggestions for follow up and discussion and should not be considered a substitution for professional advice. You are strongly urged to seek the services of a professional automobile fleet manager in these areas.

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