samba**safety**

Best Practices for Driver Risk Management

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# Best Practices for Improving Driver Risk Management
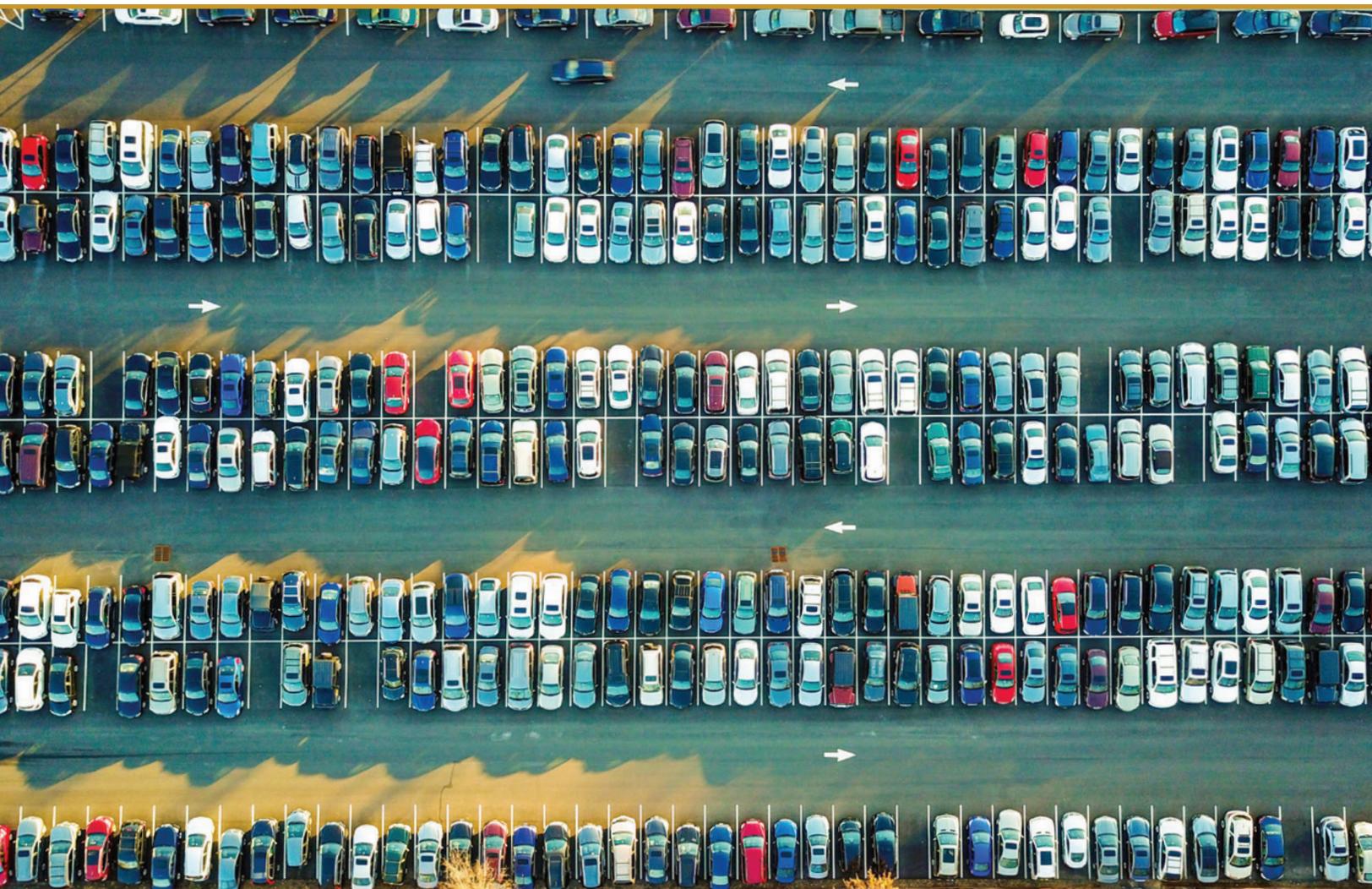
Let's begin with a question: ***Do you know who is behind the wheel for your company?*** The reality is that for many enterprises with employees who drive as part of their job, the answer is most likely, "I think so," or maybe, "no." Driver risk management has recently become a top issue for many organizations since it directly affects budgets and the bottom line.

There are more than 100 million people driving for work-related activities on U.S. roads and 5-7% have invalid, suspended or no driver's license at all – this is cause enough for concern, and then consider the following facts:

1 | **Most organizations' budgets are at best flat**

2 | **P&C insurance rates are rising 14% every 2 years**

3 | **90% of crashes are due to human error**

4 | **There are fewer qualified drivers available today**

5 | **The number of lawsuits around negligence are skyrocketing**
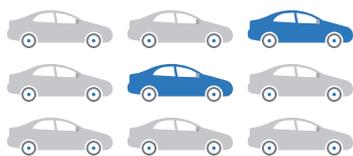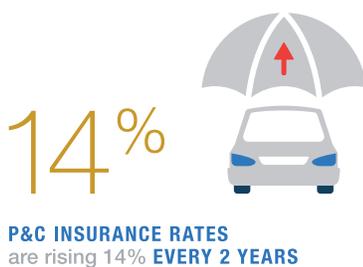
It becomes clear that understanding exposure to driver risk is imperative for every organization. So, what do businesses need to know to proactively address driver risk and safety issues? How do they connect the dots between all the available driver data to better understand their level of risk? And what programs can they put in place to foster safe driving behaviors and create a culture of safety in their organizations?

The good news is, technologies are available to empower even the smallest business to better track its drivers cost effectively and in real time. Plus, there are proven strategies for improving driver safety and mitigating risk.

This white paper outlines three key best practices for improving driver performance to create a culture of safety within your organization. But first, let's explore the costs associated with poor driver safety and outline the most overlooked group of at-risk drivers on the road today.

14[%]

P&C INSURANCE RATES
are rising 14% **EVERY 2 YEARS**

90[%]

of **CRASHES** are
due to **HUMAN ERROR**

there are **FEWER QUALIFIED DRIVERS**
available today

FATAL OCCUPATIONAL INJURIES
in 2017 by number and percentage

710 / 15%
Contact with objects
or equipment

419 / 9%
Exposure to harmful
substances, environments

681 / 15%
Falls, slips, trips

4 / 3%
Fires and explosions

1,641 / 35%
Incidents involving
a motor vehicle

791 / 17%
Violence by humans
or animals

267 / 6%
Rail, water vehicle and
aircraft incidents
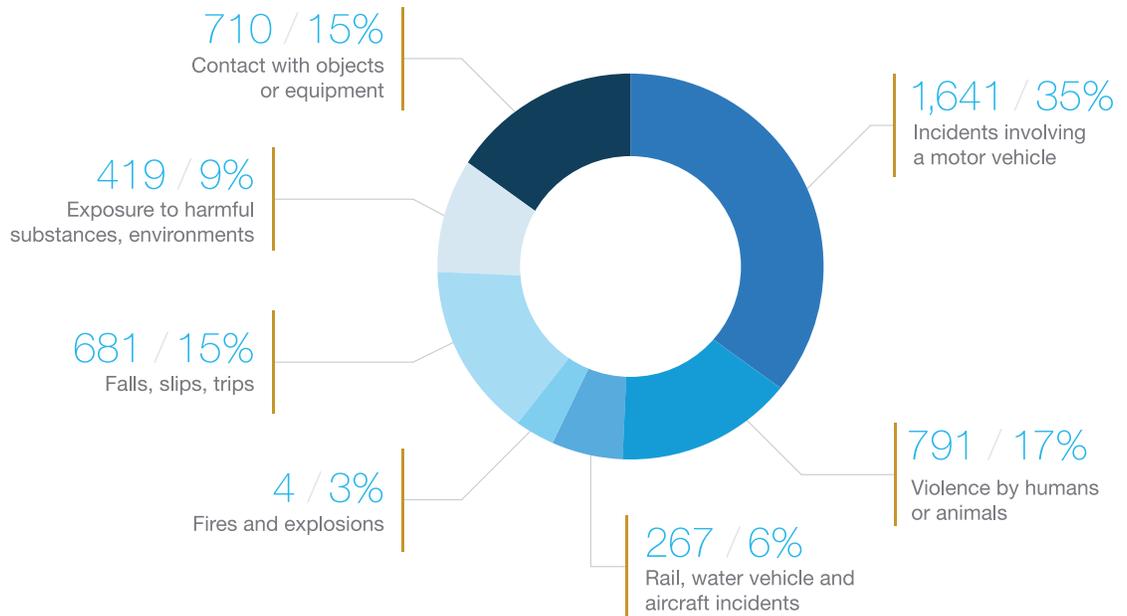
Quantifying the Costs of Unsafe Drivers

The decision to overlook driver performance can lead to costly consequences, and many businesses lack the right protocols for driver safety altogether. With millions of on-the-job drivers, it should come as no surprise that motor vehicle-related incidents are the No. 1 cause of fatal occupational injuries. According to the Bureau of Labor Statistics, more than 1,600 fatal occupational incidents occurred in 2017 involving motor vehicles — accounting for 35% of all occupational deaths that year. It should also come as no surprise that motor vehicle crashes are also the most costly for employers.

The Network of Employers for Traffic Safety (NETS) estimated in 2017 that employers lost $56.7 billion due to motor vehicle crashes. On-the-job incidents accounted for $40 billion of that sum, with the remainder directly attributed to unsafe driving behavior off the job — resulting in a staggering loss of nearly 3 million workdays. Lost productivity is just one part of the cost. According to the National Highway Traffic Safety Administration (NHTSA), on-the-job crashes cost an average

of $500,000 per incident. And the average cost of a crash involving a fatality is an astounding $3.8 million.

Should an on-the-job driver cause a crash or injuries, a company opens itself to significant liability beyond these average costs. A tort law known as negligent entrustment states that a company can be held liable for the negligence of one of its drivers if it is proven that a driver:

- **Is unqualified to drive a vehicle safely at the time the person was hired**
- **Has a history of traffic accidents or violations**
- **Lacks the skills needed to drive the type of vehicle involved**
- **Engages in risky behavior, such as cell phone use while driving**

Negligent entrustment cases have led to multi-million dollar punitive awards (which are not covered by insurance) to victims of crashes that involved drivers who were on the job and their companies failed to take the necessary steps to ensure safety behind the wheel.

"Employers lost an estimated $56.7 billion a year and nearly 3 million workdays to motor vehicle accidents in 2017. Of that total, nearly $40 billion was directly attributable to on-the-job crashes involving employees."

The 'Grey Fleet': The Hidden and Unmonitored Millions

Commercial fleets and government vehicles are obvious targets for driver safety programs, but what about the estimated 30-40 million drivers who run errands for their employers, drive their own vehicle to meet with customers or perform sales calls, or part-time workers who use their own vehicles as subcontractors to larger commercial enterprises to install products or perform services? This so-called "grey fleet" represents one of the single most at-risk groups for businesses today.

"The sad fact is that it takes just one unsafe driver to become a costly statistic."

Why? First, grey fleets are often "hidden" within larger commercial enterprises, in which the focus is on driver performance for commercial or professional drivers. Second, many businesses with grey fleets do not realize they actually have a "fleet" and are liable for on-the-job driver performance. And finally, many businesses with

grey fleets mistakenly think that an employee's own insurance coverage will protect the company from on-the-job crashes.

Businesses may think they are immune or not liable for accidents involving these grey fleet drivers, but industry statistics underscore the risks. For example:

- **In a NHTSA study from 2012, 19% of all driving fatalities in the United States involved drivers with invalid licenses. Overall, drivers without a valid license caused nearly 7,000 fatal accidents on average every year**

- **Speeding 15 mph over the limit increases the chances of a crash by 67%**

- **A history of reckless, careless, inattentive or negligent driving increases the likelihood of a crash by 64%**

- **Truck drivers who receive any driving conviction are 65% more likely to be involved in a future crash than those without poor driving records**

The sad fact is it takes just one unsafe driver to become a costly statistic. But with today's technology and tools, businesses have never been in a better position to pro-actively manage driver performance and identify risks before they become problematic.

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Three Best Practices for Improving Driver Risk Management

Managing driver risk may seem like a monumental task, but the truth is that it's money and time well spent. Industry statistics show that for every $1 spent on improving workplace safety, more than $4 can be returned on investment. So, what can companies do to create a culture of driver safety? They can start with three simple best practices that focus on monitoring, insight, and action.

1. CONTINUOUSLY MONITOR: UNDERSTAND DRIVER BEHAVIOR FROM HIRE TO RETIRE

Retrieving MVRs, validating driver's license information, and conducting background checks on prospective employees before they are on the road are critical first steps. But an MVR pulled once a year merely captures a snapshot of a driver's performance. What about the other 364 days of the year? Industry research shows that companies with the lowest number of crash incidents take a comprehensive approach and monitors drivers all year long as opposed to the traditional method of pulling one Motor Vehicle Record (MVR) per person, per year.

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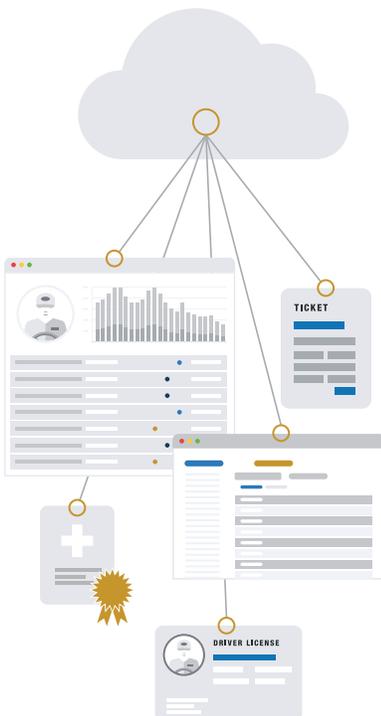
Unfortunately, constantly monitoring MVRs may be expensive depending on the state. Cost-effective monitoring instead combines the power of a baseline MVR with early alert data such as court records, state violation databases, driver scoring, and other data sources to ensure employers are alerted to potential risks and challenges. For a comprehensive view, employers should consider harnessing cloud-based solutions that manage all driver information in one place.

"The next generation of driver risk management requires employers to create a single source of truth — violations, MVRs, accident reports, costs, compliance documentation, etc. — for all driver information and performance."

2. LEVERAGE INSIGHTS: CREATE A SINGLE SOURCE OF TRUTH ABOUT YOUR DRIVERS

The next generation of driver risk management requires employers to create a single source of truth — violations, MVRs, accident reports, costs, compliance documentation, etc. — for all driver information and performance. While the information contained in the single source of truth is incredibly valuable and allows the employer to build driver and fleet profiles, what's more important is that it provides assurance that the employer has qualified people behind the wheel through:

- Actionable insights that can highlight behavior and training issues
- Uniform policy enforcement across different classes of drivers and geographies
- Benchmarking to compare drivers and fleets to internal and industry standards

A comprehensive single source of truth is an effective tool that can limit exposure, save time, and reduce costs.

3. TAKE ACTION: ENSURE CORRECT BEHAVIOR

Employers can then leverage the "single source of truth" about driver performance to take action on problem areas or to proactively improve driver safety. For example, providing a way to deliver online training courses, benchmarking individual driver and fleet performance against industry averages, and enforcing policies gives employers the ability to understand key trends — for the driver and the entire company.

Documented driver performance and actions taken by an employer can help reduce the cost of insurance and workers compensation premiums and are a proven weapon in the event that a work-related crash results in litigation. At the end of the day, managing and monitoring driver performances also requires consistent communication and a commitment to enforcing stated company driving policies. When employees understand what is expected of them — and those expectations are reinforced by employers — both win.

And why can't this communication also be fun? By recognizing and rewarding employees for safe driver performances, it creates a culture that not only supports driver safety but recognizes it when it happens. Employers should consider imposing quarterly reward programs that take into account the number of consecutive days without a motor vehicle incident or acknowledging employee completion of online driver training programs with a certificate to mark the occasion.

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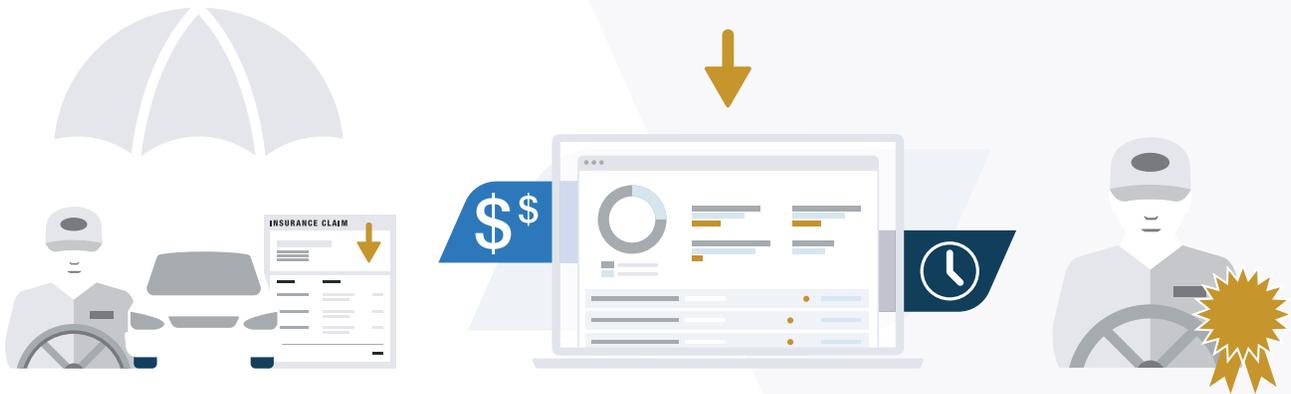
Safer Drivers, Safer Communities

With so many drivers on the road today, creating a culture of safety is an ongoing effort. Businesses must recognize and understand their risks and take proactive steps to ensure they understand real-time changes in driving behaviors that warrant concern. But organizations also have a duty to take action on that knowledge provided.

The good news is, tools are available to cost effectively manage driver performance. When implemented correctly, a good driver risk program can pay for itself within 12 months by:

- **Reducing accidents**
- **Modifying driver behavior**
- **Mitigating the risk associated with poor drivers**
- **Reducing the cost of insurance premiums, worker's comp, and claims due to liability/negligence**
- **Decreasing administrative time and cost**

In the end, our communities are safer when businesses take responsibility for setting the standards their drivers follow. And when our communities are safer, we all win.

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Since 1998, SambaSafety® has been the pioneer and leading provider of driver risk management software in North America. Our mission is to guide our customers including employers, fleet managers and insurance providers to make the right decision at the right time. By collecting, correlating and analyzing motor vehicle records (MVRs) and other data sources, we identify driver risk and enable our customers to modify their drivers' behavior, reduce accidents, ensure compliance, and lower costs — ultimately improving driver and community safety.

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