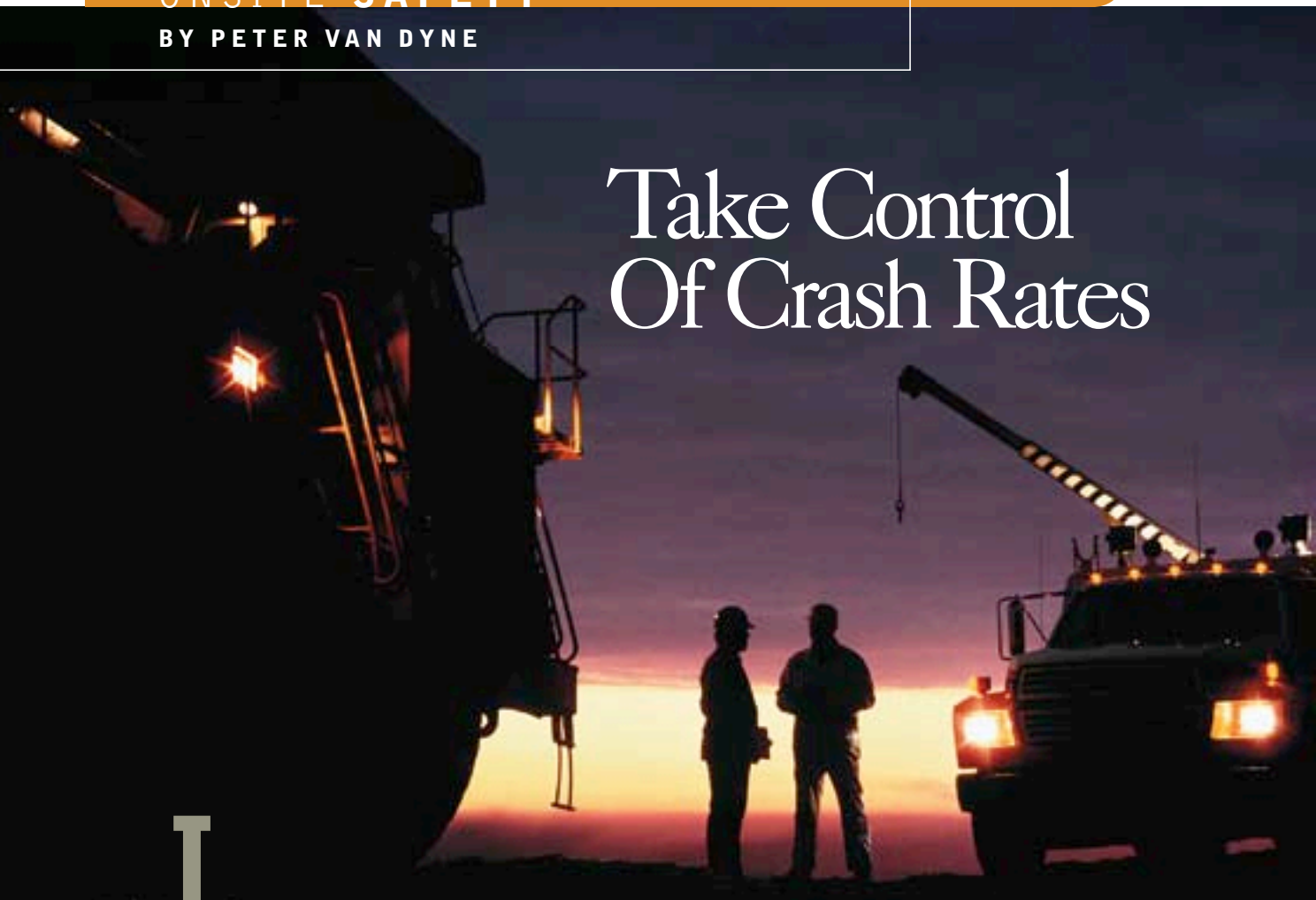


# Take Control Of Crash Rates



**I**n 2005, more than 6,500 transportation accidents occurred in the construction industry with an average claim cost of \$34,000, according to the 2008 National Safety Council and ISO. In total, these accidents, which only covered claims for bodily damage, cost the industry approximately \$221 million. For accidents involving larger truck crashes, Aon reports claims often settled between \$1 million and \$10 million.

Fortunately, contractors can reduce their companies' fleet crash risk and protect their financial security by mitigating liability and workers' compensation exposures.

To start, only hire drivers with clear driving records. According to a recent Liberty Mutual survey of 248 contractors, driving records can impact crash rates more than fleet safety program practices. Focused on SIC groups 1500, 1600 and 1700, the survey results showed that contractors with lower than expected crash rates had:

- 9 percent more drivers with clear driving records;

- 31 percent fewer Type I drivers (those with one or more serious violations on their driving record); and
- 28 percent fewer Type II drivers (those with four or more violations or crashes in the past three years).

Drivers who violate driving laws or who have been involved in crashes in the past are more likely to be involved in crashes in the future. One of the most fundamental controls for managing this risk is obtaining motor vehicle records on all applicants and current employees who operate motor vehicles for company business.

To determine the risk from drivers with traffic violations and crash experience, compare this group to other groups of drivers. While hiring and qualification criteria are important, that information tends to define only the minimally acceptable driving record. Compare motor vehicle records to determine who has a clear driving record, who has had a serious violation in the past five years and who has had four or more violations or crashes in the past three years.

## COMPARING CRASH RATES

Contractors also should compare crash rates, which vary based on two main factors. One factor is expected crash frequency numbers vary by state and by vehicle. One state's expected frequency can be more than six times higher than other states. A vehicle's expected frequency can be up to 2.5 times higher, which makes comparing crash counts an inaccurate comparison method.

Crash rates by state are computed using a relativity number based on vehicle counts and claims/crash data. A variety of factors cause differences in crash rates, including road configurations, traffic volume, traffic law enforcement, restraint use, and types and sizes of vehicles. In the following chart, data from the Liberty Mutual survey shows differences in expected crashes by state. The lower the number, the fewer the expected crashes.

The second factor is law enforcement, which varies by state. Only some states allow non-commercial motor vehicle violations to be removed from driving records

State	State Crash Rates
Massachusetts	6.52
Florida	4.03
Texas	3.33
Missouri	2.59
California	3.62
Wyoming	1.00

when drivers take driver education classes. Compounding this disparity is that crashes are caused by behaviors rather than a lack of knowledge, so these classes really may not impact crash frequency at all.

To illustrate this point, look at the major cause of fatal crashes across the country: alcohol. Even though there are laws against impaired driving, and the risks of driving while impaired are well known, 39 percent of fatal crashes still involve alcohol. The knowledge of the risk exists, but the behavior persists. Using this extreme example to encompass overall driving behavior demonstrates that successful driver programs must address behaviors, not just a lack of knowledge.

After evaluating drivers, review the company's existing safety program and consider including these action steps to drive down the cost of risk:

- a measured, enforced seat belt policy;
- a written policy instructing drivers to comply with motor vehicle laws and company fleet safety policies when operating either company vehicles or personal vehicles on company business;
- specific policies for on-road and off-road speed limits;
- a company policy that defines an appropriate vehicle following distance;
- proof of minimum insurance liability limits of 100,000/300,000 for all personal vehicles used on company business;
- a list of drivers and the types of vehicles they are authorized to drive;
- a company policy prohibiting drivers not on the approved list from operating motor vehicles on company business;
- specific convictions outlined in the company driving record criteria that disqualify a driver from consideration for positions that require driving;
- a policy prohibiting use of alcohol and drugs while operating either company or personal vehicles on company business;
- a requirement that all vehicles used for

**Successful driver programs must address behaviors, not just a lack of knowledge.**

company business must be maintained per the manufacturer's standards;

- documentation and communication of company policies to drivers and managers;
- enforcement of consequences when fleet safety program violations occur;
- an annual review of driving records;
- technology to monitor driver performance that shows vehicle speed, location and off-route trips; and
- crash investigations to document what happened, as well as to identify ways to strengthen the company's fleet safety program.

One surveyed contractor examined the company's existing fleet safety policies and

found some of these action steps were missing and not all existing policies were being enforced. The contractor significantly lowered its crash rate-per-vehicle by changing the driving record criteria, enforcing existing policies, strengthening crash investigations, adopting policies on personal use of company vehicles, documenting the fleet program and communicating policies. With these changes, the contractor moved from having a record close to three times the expected crash rate down to two-thirds of the expected crash rate.

Developing, implementing and enforcing a fleet safety program can make a positive difference in crash rates, and the results will reach far beyond the money saved. A well-run program can help keep drivers and the community in which they operate safe, as well as protect the company's reputation.

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