



## SENTRY SOLUTIONS

# Risk-management practices for your motor vehicle operations

Many people assume accidents are inevitable and little can be done to prevent them. The truth is, there are many ways you can create a safe environment where accidents are less likely to occur. We want to make sure your workers are safe on the road, so we've put together some suggestions to help you avoid these risks.

### HOW A COMPANY VEHICLE ACCIDENT COULD COST YOU

There are a number of indirect, hidden costs associated with accidents that can run several times the amount of direct, insured costs. Consider these:

- Loss of the use of your vehicle and cost of renting another until you replace or repair the damaged vehicle
- Hiring and training additional help if a driver is injured, or paying overtime to current employees for extra hours
- Delayed service to your customers as a result of the accident
- Higher insurance premiums
- Loss of your business due to a large settlement that's greater than your insurance coverage limits

An effective motor vehicle safety program can help you avoid costs like these and perhaps even reduce your insurance premiums while protecting the image of your company.

### WHAT VEHICLE RISK MANAGEMENT CAN DO FOR YOU

Company vehicles are one of your greatest exposures for property damage losses and costly liability suits. Here's one example\*:

**An employee was allowed to drive a company vehicle to and from work and took the truck to a wedding. On his way home, he was at fault in an accident that seriously injured a pedestrian. The company was sued for negligently entrusting the vehicle to the employee**

**and ordered to pay the plaintiff \$2 million. The business had only \$1 million in coverage and had to pay the excess decision from its own funds.**

A case like this shows some of the risks associated with company-owned vehicles. But if you establish a motor vehicle safety program, you can help reduce these kinds of risks:

- Injuries to employees and others
- Damage to vehicles and materials
- Direct accident expenses
- Delayed deliveries
- Liability exposure

You may also see these benefits:

- Improved public and customer relations
- Higher driver morale
- Increased productivity

### HOW TO START

The best way to start your motor vehicle safety program is for you and your management personnel to set good driving examples for your employees. Employees will take the program seriously when they see that you do. They'll also understand what you expect as their employer. Be sure to:



\*Facts are representative of claims that occur throughout the property and casualty industry and aren't based upon any specific individual or entity.



- Establish a statement of policy that includes specific safe driving objectives for workers who use a company-owned vehicle or their own vehicle for company business.
- Prohibit employees from using company vehicles for personal use, or limit that use to the employee and their spouse.
- Communicate your interest in safety to all your employees through a personal interview, letter, memo, or bulletin board notice.
- Evaluate the effectiveness of your safety program each year.

## SELECTING DRIVERS

Hiring quality drivers will go a long way in establishing your safety program. If you don't screen them carefully, you could expose your company to a liability suit. Be sure to consider each applicant's:

- **Job application:** Obtain a driver's license number, expiration date, and accident history.
- **Interview:** Discuss prior accidents, violations, and the company's vehicle safety policy.
- **References:** Verify prior experience and any violation history.
- **Motor vehicle record (MVR):** Examine the prior driving history since it's usually indicative of future performance.
- **Driving test:** Observe the necessary driving skills for your vehicles and routes.

You should keep this information in the employee's personnel file for future reference and reevaluation.

## WHY REVIEW MOTOR VEHICLE RECORDS?

Never let any employee drive for your company before critically evaluating their MVR. This includes employees who use their own cars for company business. Remember, you can be named in any lawsuit against such employees because they're considered agents of your company.

## MVR guidelines

Reviewing an MVR isn't just for prospective drivers—you should also take a look at your current drivers' records every three years to help ensure that you continue to have safe drivers behind the wheel. The same reviews should apply to drivers who use their personal vehicles to conduct company business. We've set up the following example guidelines that you can use when reviewing MVRs:

### DRIVER QUALIFICATION GUIDELINES

To ensure that only safe drivers are authorized to operate our company's vehicles and qualify to be covered under our insurance policy, we review the MVRs of all drivers. Drivers with too many citations or accidents (referred to as incidents) won't be authorized to drive company vehicles or personal vehicles on company business. This includes incidents that occur on personal time in personal vehicles. This chart lays out the guidelines:

#### MAXIMUM INCIDENTS ALLOWED (for prior three years)

Ages 18 and under	Ages 19–24	Ages 25–69	Ages 70 and over
No incidents	One incident*	Two incidents**	No incidents

\*If applicable, a service technician in this category will be allowed one additional incident, only one of which can be an at-fault accident.

\*\*Can have no more than one "at-fault" accident.

Note: Any exceptions to these guidelines for drivers (18 and under) or (70 and over) must be approved by the manager responsible for driver selection and our insurance company—Sentry Insurance.

**Definition of an incident:** Any minor moving violation or accident. An accident in which a corresponding violation was issued will be counted as one incident.

#### At-fault accident definitions:

- An accident shown on an MVR with a corresponding minor violation on the same date will be considered an at-fault accident. Per above, this only counts as one incident.
- An accident shown on Sentry loss information with the indication of the insured driver being 50 percent or more at fault.

## MAJOR VIOLATIONS

In addition to the above incident guidelines, a major violation will result in the loss of your driving privileges for the company. Major violations include, but aren't limited to:

- Driving while intoxicated
- Driving under the influence
- Refusing an alcohol test
- Illegal possession
- Reckless disregard
- Speeding 25+ mph over the posted speed limit
- Traffic violation resulting in death
- Misrepresentation to avoid arrest
- License revocation or suspension
- Disobeying traffic lights or signs
- Evading arrest
- Misrepresentation to get a driver's license
- Failure to stop for an accident
- Using a vehicle during a felony
- Racing

## Driver MVR evaluation summary

Applicant  Active employee

Driver's name (as on license): \_\_\_\_\_

Driver's license number: \_\_\_\_\_ State: \_\_\_\_\_

Address on license: \_\_\_\_\_

Date of expiration: \_\_\_\_\_ Date MVR ordered: \_\_\_\_\_

#### List any at-fault accidents over the last three years:

Date	Describe	Major
_____	_____	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>

Acceptable: Yes  No



Obtaining MVRs is easy—ask the job applicant to provide one, or get their written authorization and request it from the state motor vehicle department. We've also arranged a self-order source for these reports that you can access by logging in to your account at [sentry.com](https://sentry.com).

If one of your drivers develops a poor driving record, counsel them and consider placing them on a one-year probation. If the record continues to be unacceptable, consider reassigning them to a non-driving position or take other appropriate action.

Have the driver sign a statement indicating that he or she understands the reason for the probation and their consequences if it's violated. Keep the signed statement in the driver's personnel file.

### SETTING DRIVER SAFETY OBJECTIVES

Make sure all your drivers receive and understand your driving performance expectations. Have them sign it to show they acknowledge, understand, and agree with the expectations. You should review these expectations with all authorized drivers each year.

Your driver expectations should include at least the following:

- Requiring vehicle drivers obey all traffic laws—including speed limits, weight restrictions, and vehicle markings
- Having drivers conduct a daily visual inspection of their vehicle before leaving the lot
- Examining all safety equipment and not leaving until any defective pieces are repaired
- Driving courteously to support the professional image of the dealership
- Prohibiting vehicle abuse to avoid the likelihood of an accident and extra costs to the dealership
- Requiring the use of seat belts by all occupants in a dealership-owned vehicle
- Driving with the lights on to increase visibility to other drivers
- Prohibiting any substance abuse prior to or during operation
- Reporting all accidents—no matter how minor—to the dealership manager and law enforcement
- Cooperating with all aspects of the dealership's accident investigation
- Prohibiting picking up any hitchhikers while on business, and contacting authorities in related emergencies

Be sure to post these objectives in each company vehicle. And don't be afraid to offer simple incentive programs to encourage safe driving. Try giving special recognition to any driver who remains accident- or violation-free for one year.

### TRAINING DRIVERS

Once you hire a driver, pay attention to their training and orientation. Your supervisor should review the program with the employee and both should sign off on the training. It should include:

- An overview of the fleet vehicle safety program
- Expectations for driver performance
- Criteria of an acceptable driving record
- A review of the vehicle's operations manual
- Maintenance requirements and scheduling
- Emergency procedures and accident reporting
- Any applicable local, state, and federal regulations
- Vehicle security
- Defensive driving tactics and strategies
- Rules on the personal use of company vehicles
- Policies and procedures regarding business use of personal vehicles
- Practices for securing cargo
- An overview of any safe driving incentives
- Schedule of fleet safety meetings with dealership staff
- Hands-on testing to verify the driver's ability to safely operate the vehicle

Regular safety meetings should also be part of your overall training effort. These give your drivers the opportunity to compare notes and discuss their concerns, and allow you to restate and emphasize critical points of your vehicle operations.



Your Sentry safety consultant can also assist you with your vehicle safety and driver training activities.

## MAINTAINING VEHICLES

Set up a preventative maintenance (PM) schedule for all vehicles in your fleet. The schedule should follow the manufacturer's maintenance specifications and consider any unique factors your drivers may experience that might require more frequent PM.

This program helps you prolong the safe useful life of your vehicles and reduce the chance for accidents caused by mechanical failures. The schedule should:

- Establish regular maintenance on a staggered schedule to minimize downtime on deliveries or route delays.
- Develop records for routine maintenance like oil changes, brake checks, and other repairs.
- Require drivers to report any mechanical problems—including lights, horn, turn signals, brake lights, oil level, coolant level, tire pressure and condition, and adjustment of the rear view mirrors.
- Set up a filing process for repair and maintenance records for each vehicle. It's especially important if you use a third-party repair shop to do the maintenance. Work with them to determine the best approach for recordkeeping.

## INVESTIGATING ACCIDENTS

By employing safe drivers, specifying safety objectives, and expertly

maintaining vehicles, you'll help prevent motor vehicle losses. But some accidents may still happen. That's why it's important for you to investigate each one carefully, since what you learn might help prevent future losses.

Your drivers should immediately report any accident involving personal injury, damage to property, or damage to the company's vehicle to their supervisor for investigation. If damages are over \$500 or an injury is involved, your next level of management should further investigate and gather police reports and other data to be reported to top management.

Review each accident within five days, decide if it could have been prevented, and share your findings with the driver. If it's a preventable accident or a traffic law was broken, you should promptly review the driver's record, schedule a one-on-one coaching session, and consider disciplinary action.

In addition to reporting the accident to the company, it should be reported to us at Sentry as soon as possible. That'll give us the best opportunity to provide a prompt investigation and quality claims-handling.

## SECURING CARGO AND VEHICLES FROM THEFT

There are no universal, one-time solutions to theft problems. Each mode of transportation, terminal, and transfer point is unique. You need to take a look at your company's particular strengths and weaknesses as you prepare your security plan. We've found there are certain basic

principles that can help you. Here are some important points to bear in mind concerning your safety and security:

- Store vehicles inside. If that's not possible, choose a fenced-in or well-lit area.
- Always lock the vehicle and secure the keys.
- Keep cargo out of sight.

## USING PERSONAL VEHICLES

If your employees use their personal vehicles for business reasons, your company may be subjected to unnecessary liability. Their conduct, performance, and loss experience reflect upon your company the same as if they were driving a company-owned vehicle. Keep in mind that even though the employee has personal liability insurance, your coverages can also become exposed in the event of a severe accident.

If an employee is permitted to use their personal vehicle for a business need, keep a current copy of their certificate of liability insurance (showing coverage of at least \$100,000/\$300,000) on file.

These are just some of the issues you should consider when it comes to protecting your fleet of vehicles, business, and employees.

**Remember, we're here to help you manage your specific loss-producing situations and avoid needless accidents. Talk with a Safety Services representative or a sales professional for more information, or log in to your account on [sentry.com](https://www.sentry.com).**

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