

View from the Passenger Seat: A New Look at Reducing Auto Liability

Gail Allen
Risk Manager
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Introduction

Gail Allen, Risk Manager

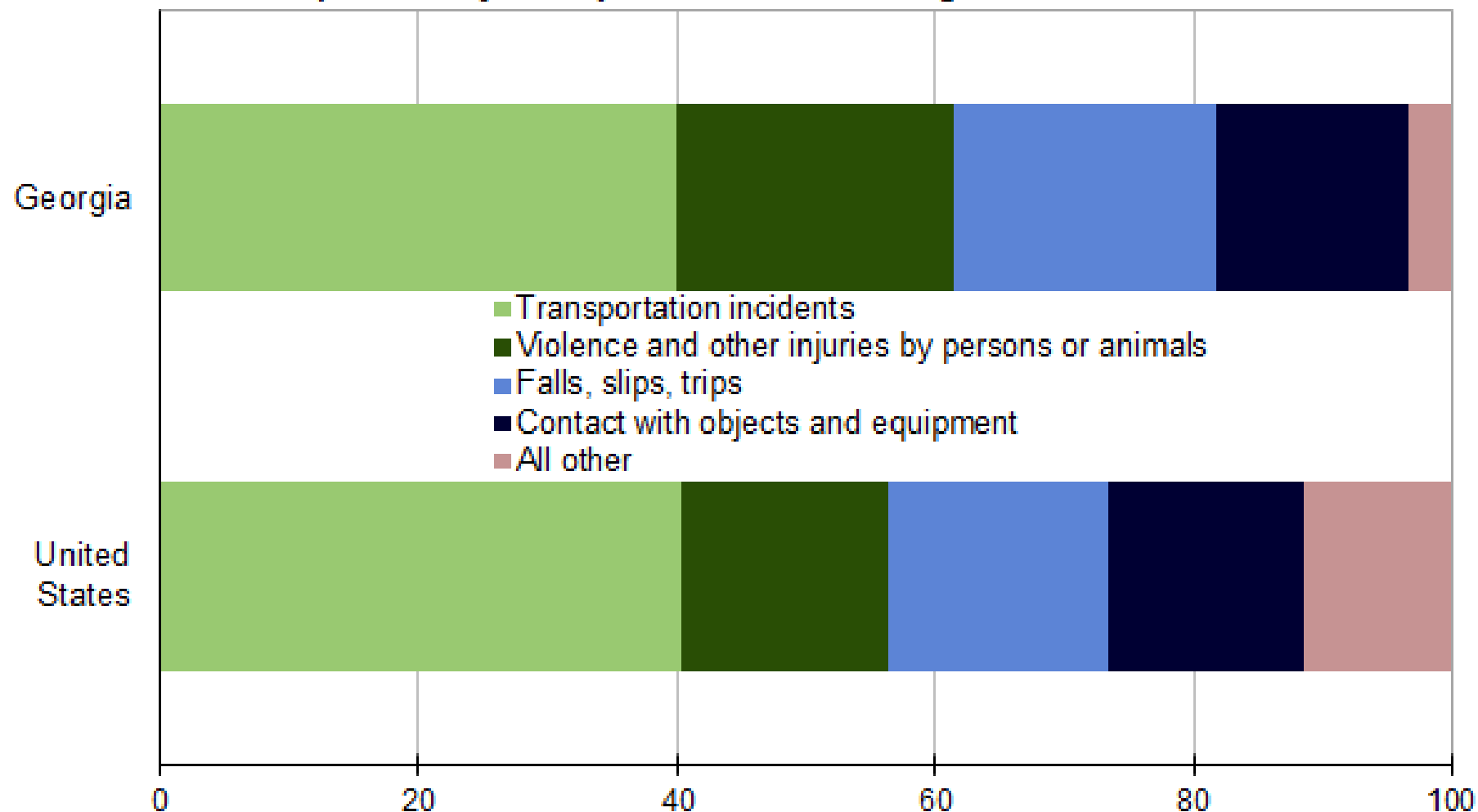
McKenney's, Inc.

- Founded in 1948
- Offices in Atlanta and Charlotte
- Southeast's most trusted name in facility construction, operation and maintenance
 - HVAC
 - Process piping
 - Plumbing
 - Building automation and control systems
 - Service and maintenance

Our mission is to be the best mechanical service provider to work for as an employee
and to work with as a customer.

Why Focus on Vehicle Safety?

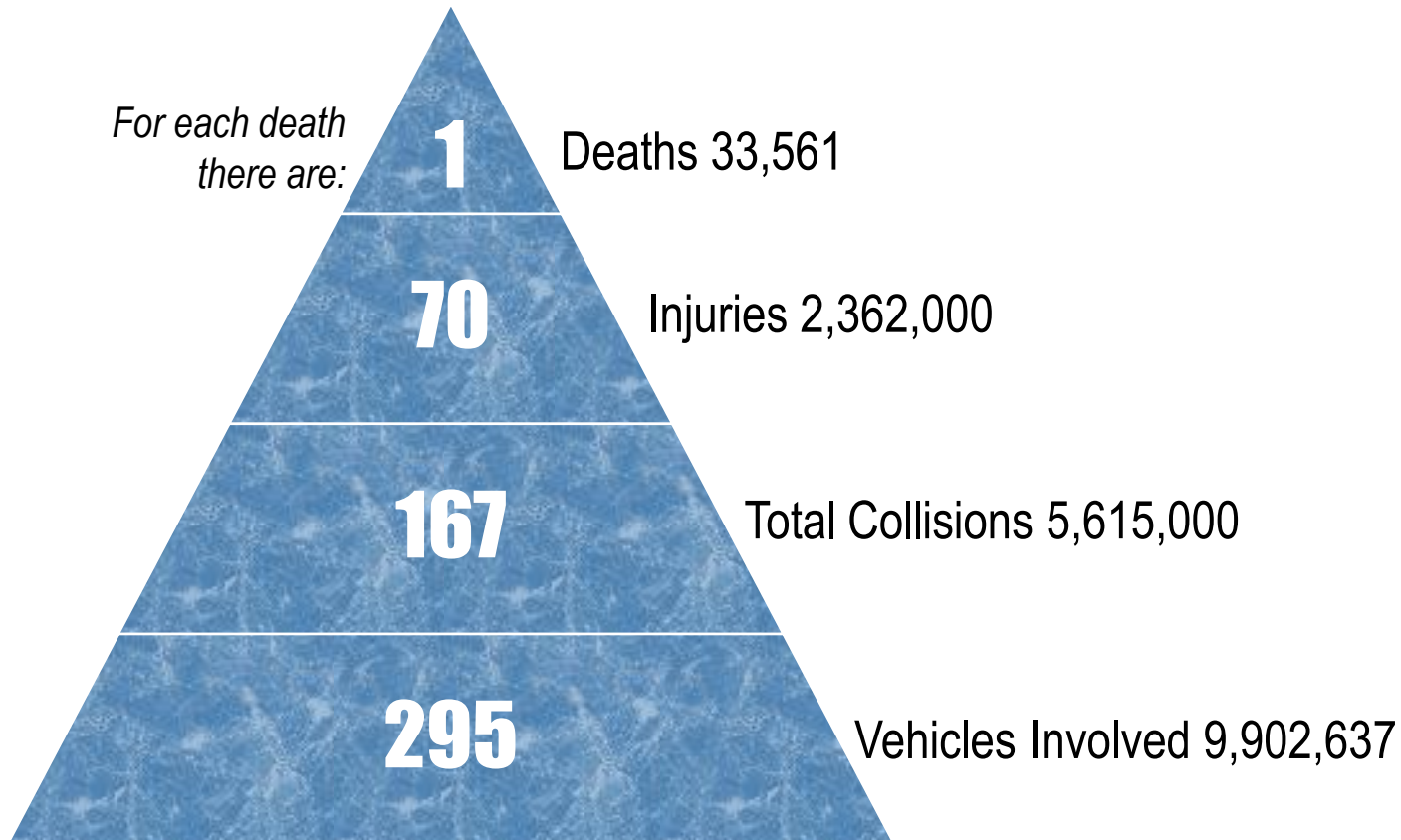
Chart 2. Fatal occupational injuries by selected event, Georgia and the United States, 2014



NOTE: Data for 2014 are preliminary.
SOURCE: U.S. Bureau of Labor Statistics.

Why Focus on Vehicle Safety?

National Highway Traffic Safety Administration reports:



Average cost per fatality: \$8,924,048

Total annual costs for motor vehicle collisions: \$299.5 Billion



Why Focus on Vehicle Safety?



Speed
Roads
Health
Fatigue
Attitude
Weather
Tailgating
Inattention
Impairment
Inexperience
Other Drivers
Vehicle Condition

Why Focus on Vehicle Safety?

- Single most common accident type?
 - Rear-end collisions
- 87% linked to inattention (distracted driving)
- Killed 1,705 Americans (2012)
- Injured 547,000 in US (2012)
- Average cost > \$13,000 per claim

Why Focus on Vehicle Safety?

Three types of distractions

- Visual
 - Takes your eyes off the road
- Cognitive
 - Takes your mind off the task
- Manual
 - Takes your hands off the steering wheel

As a general rule, if you cannot devote your full attention to driving because of some other activity, it's a distraction.



Distracted Driving?



Why Focus on Vehicle Safety?

Is it just the cost of the repairing a vehicle?

- Direct Costs
 - Physical damage to vehicles and property
 - Injuries to motorists and passengers
 - Workers' Compensation claims
 - Damage to transported materials and equipment
 - Lost productivity and revenue
 - Negligent Entrustment lawsuits and punitive damages
- Indirect Costs
 - Administrative time
 - Overtime pay
 - Failure to meet customer requirements
 - Bad publicity

Highlights

- Fleet safety policy
- Defensive driver training program
- Telematics
- “How’s my driving” program
- Engagement

Current Situation

- Fleet
 - More than 400 vehicles
 - Lettered
 - 800 # (“How’s my driving?”)
 - Average 720,000 miles per month
 - GPS
- Accident Statistics
 - 15%-20% vehicles involved in accidents
 - Less than half “preventable” or our fault
 - Majority in stop and go traffic



In Case of an Accident

- Are you ok?
- Is everybody else ok?
- Accident procedures printed on insurance cards
- Police are called for all accidents, except animal collisions
- Required to notify supervisor and Risk as soon as practicable, but always within 24 hours
- Photos taken of all vehicles involved, even if there appears to be no damage

Fleet Safety Policy

- Preventable vs. Non-preventable

Preventable Accidents	Non-Preventable Accidents
Backing	Struck by other vehicle
Turning	Struck while legally parked
Parking	Struck in rear by other vehicle
Passing	Struck by debris
Following distance	Vandalism
Diverted attention	Windshield
Misjudging clearance	Vehicle theft (if vehicle is locked)
Failure to maintain vehicle	Fire
Driving under the influence of drugs and/or alcohol	Act of God
Speed too fast for conditions	Animal Collision
Failure to signal intentions	Damage while being towed
Disregard of traffic signal	
Assuming right of way	
Driving in wrong lane	
Starting and stopping	

Fleet Safety Policy

- Fleet safety policy
 - Clear and concise
 - Point system
 - Drug Tests
 - MVR checks for all drivers
 - Includes those receiving vehicle allowance
 - Uniformly enforced
- Full investigation/root cause analysis
- Safety Committee notification
- Employee review includes vehicle accidents

Defensive Driver Training Program

- 5 Keys
 - Aim High in Steering
 - Get the Big Picture
 - Keep Your Eyes Moving
 - Leave Yourself an Out
 - Make Sure They See You
- Implementation
- Feedback



**“I see and I forget, I hear and I remember,
I do and I understand.”**

Defensive Driver Training Program

Unexpected Benefits



Telematics

- Big Brother?
- Driver Dashboard
 - Braking
 - Acceleration
 - Cornering
 - Excessive Speed
 - Posted Speed
- Rated by “Events per 100 Miles”
- Coaching Opportunities
- One more thing...

Telematics

- Harsh Braking
 - More force than necessary used to stop
 - Can Indicate aggressive or distracted driving
 - Can lead to costly claims and increased maintenance issues
- Benefits of Monitoring Harsh Braking
 - Reduced rear-end collisions
 - Prevention of aggressive driving behaviors
 - Improved safety of drivers and public
 - Reduced maintenance
 - Reduced brake issues
- If you coach them, will they listen?



“How’s My Driving” Program

- Encourages good behavior
- Identifies high risk behaviors
- Identifies problem drivers
 - 80% never receive a call
 - Of the remaining 20%:
 - 70% received only one call ever
 - Only **10** received more than 2 calls
- Coaching



Engagement from All Levels

- Relationship between Risk and Safety
- Executive buy-in
- Employee involvement, buy-in and motivation
 - Focus on near-misses and close calls

Is it working?

Key Take-Aways

- Clear and concise fleet safety policy
 - MVRs
 - Full accident report and investigation
- Formal driver training program
- Telematics
- “How’s my driving” program
- Engagement from all levels

The Bottom Line

An effective fleet safety program:

- Protects human and financial resources
- Significantly reduces auto liability costs
- Reduces stress
- Prevents injuries
- Saves lives

Questions?

Contact Information

Gail Allen, Risk Manager
gail.allen@mckenneys.com
(404) 635-4789





McKenney's
inc[®]
Building A Higher Standard

Atlanta Office

1056 Moreland Industrial Boulevard
Atlanta, Georgia 30316



Charlotte Office

3601 Performance Road
Charlotte, North Carolina 28214