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Fleet Risk Management: Are your drivers and vehicles your biggest exposures? A Case Study



Carl Heinlein

Senior Safety Consultant
American Contractors
Insurance Group (ACIG)



Clay West

EH&S Director
BMWC Constructors, Inc.

Session Focus

- American Contractors Insurance Group (ACIG)/BMWC
 - Who are we?
- Why are we focusing on this area?
- Nuclear Verdicts
- Hazard Identification
- Developing a Plan of Action
- Our Campaign

1st Step to Defensive Driving: Bubble Wrap Car



Who Are We?





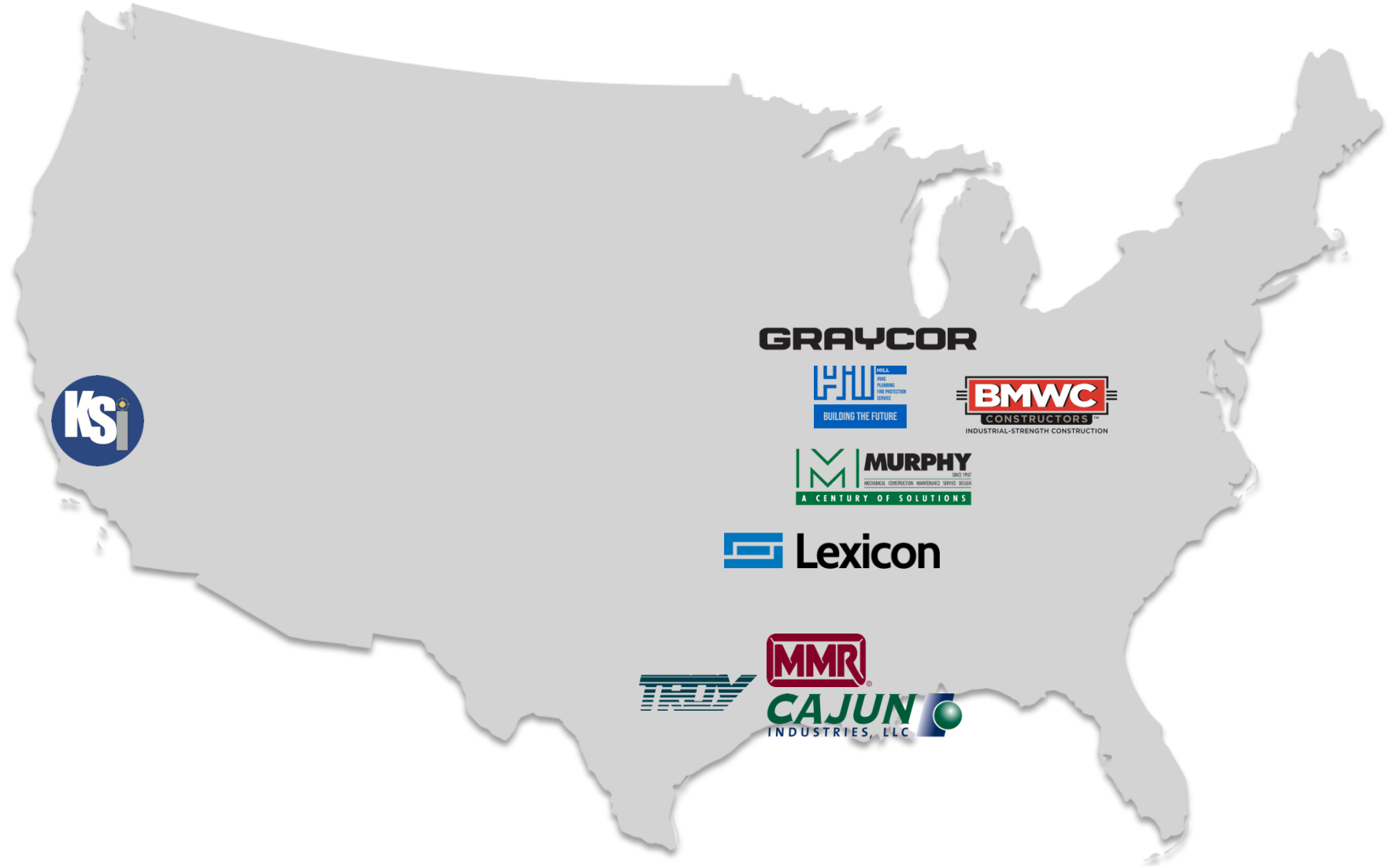
General Building



"Saving lives, preventing injuries, and reducing the overall cost of risk for our Members."



Industrial



"Saving lives, preventing injuries, and reducing the overall cost of risk for our Members."





Heavy Civil/
Utility



"Saving lives, preventing injuries, and reducing the overall cost of risk for our Members."



Numbers of types of ACIG Vehicles

- Expected Fleet for 2024: 15,503
- Light-duty and Heavy-duty vehicles
 - Pickup trucks < 10,000 lbs.
 - 18-wheelers
 - Heavy Equipment > 10,000 lbs.
 - Dump trucks

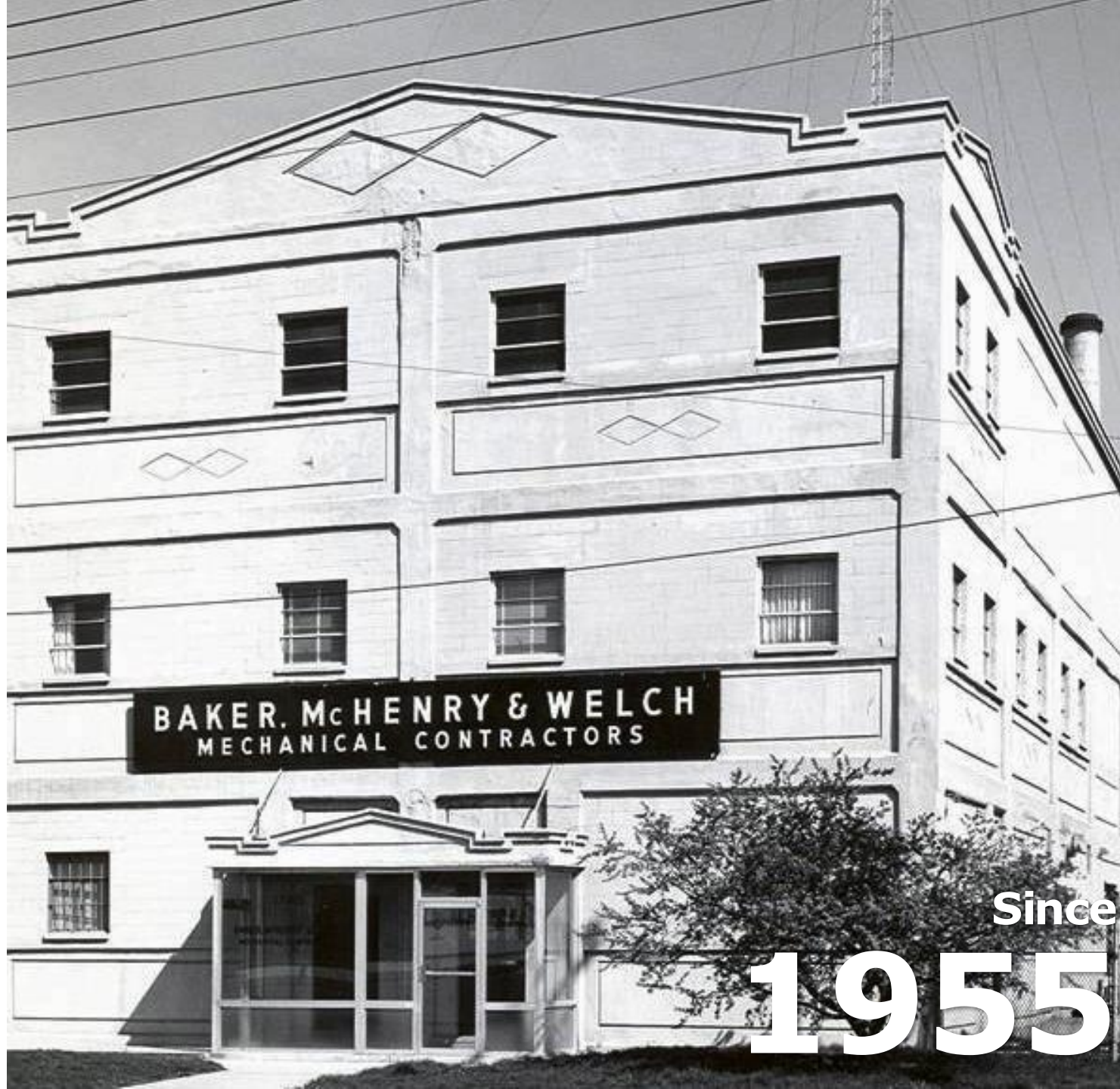


ACIG's Mission Statement

**Saving lives, preventing injuries,
and reducing the overall
cost of risk for our Members.**

Who Are We?





2200
Full-Time
Employees

\$700M
Revenue

100%
Management-
Owned

Since

1955

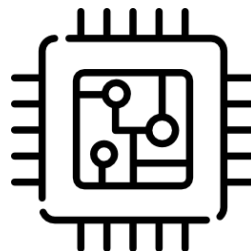
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OUR INDUSTRIES



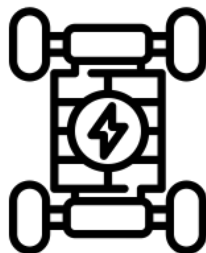
Pharmaceutical
& Biotechnology



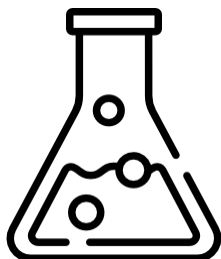
Semiconductor



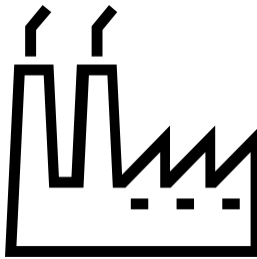
Aerospace



EV Battery



Chemical



Electric Power



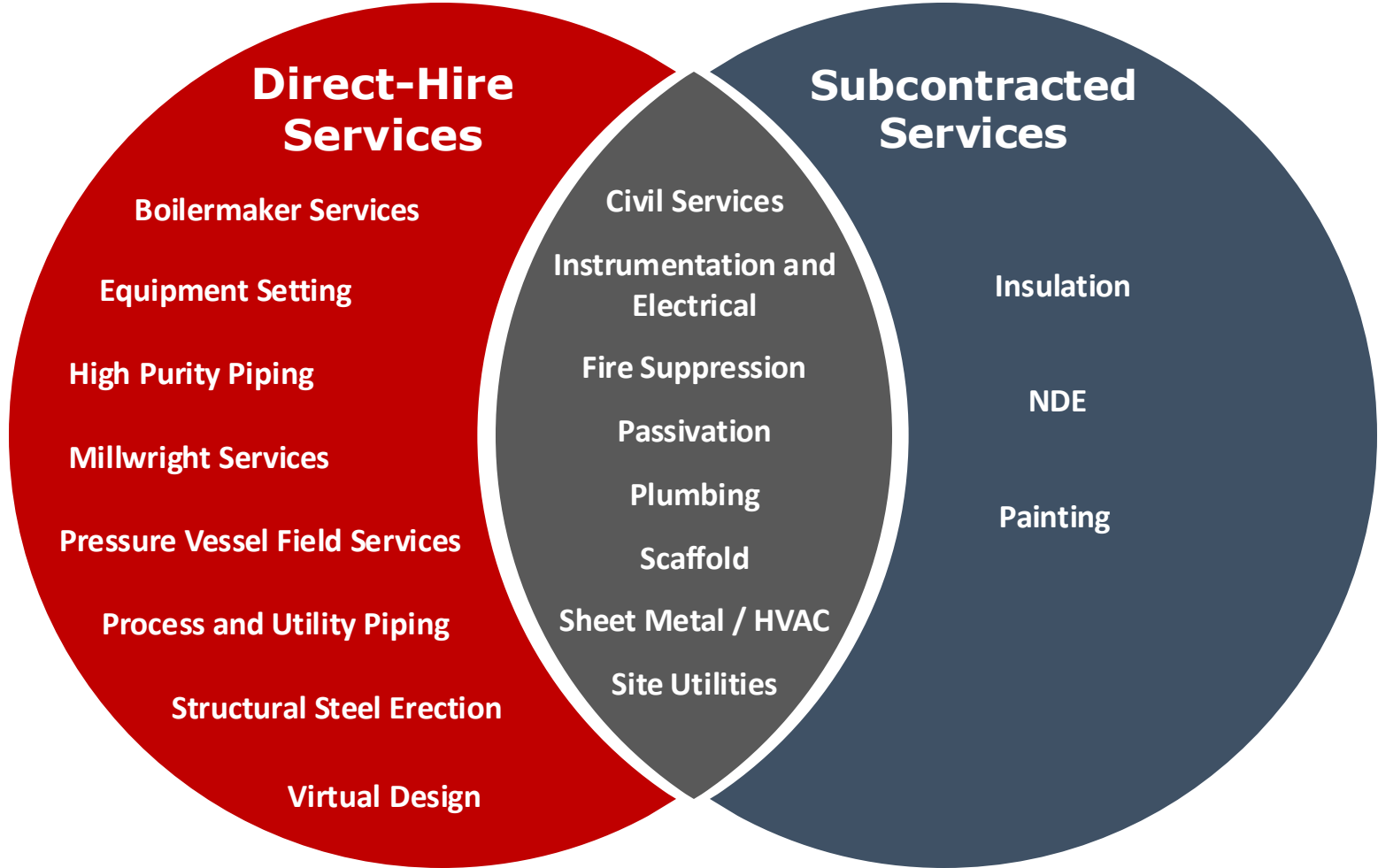
Oil & Gas



NATIONWIDE GEOGRAPHY



Field Construction Services





**Why Are We Focusing On
This Area?**

1900



1913



Safety Management (R)evolution

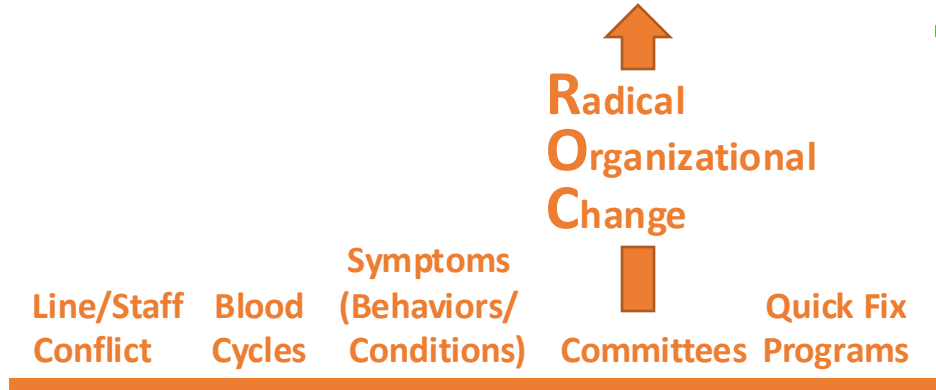
Changing Organizational Culture



SWAMP

Safety Without Any Management Process

Safety Is: IGNORED
That's why we buy insurance.



THE NORM

Naturally Occurring Reactive Management

Traditional

SAFETY RESPONSIBILITY:

Not Understood (a staff function)

PERCEIVED:

A Cost (part of doing business)

MANAGEMENT CHARACTERISTICS

- Incidents: excused
- Compliance is the goal
- Likes "cookbook" approach
- Little accountability
- Lack of employee involvement
- High visibility and glitz

Safety Is: A PROGRAM
"Activities" we do.

Quiet Transparent Integrated Equal

WORLD CLASS

The "Stealth" Organization

Progressive

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- Employee Involvement: win/win
- Communications: informal, open, encouraged
- Accountability established, measured, recognized

Safety Is: A CORE VALUE
Safe is how we do business.

Why are we focusing on this?

- Level of risk assumption
- General claims inflation
- Increased prevalence of litigation/litigation financing
- Insurance marketplace/excess carrier pressures
- Traumatic brain injury allegations
- Social inflation
- Specters of nuclear verdicts are increasing



**Transportation-related incidents are the #1 cause
of death in the workplace. (CDC, BLS, NSC)***

Vehicle Exposures

Motor vehicle accidents impact both auto liability and workers' compensation results.



**Over 40,000
lives lost**

in 2023 due to motor
vehicle accidents.

- NHTSA



Insurance Industry Marketplace

Loss Ratios coupled with the **Motor Vehicle Consumer Price Index (CPI)**



Soared to
15.5%
year-over-year

3x overall CPI

**“There’s a \$25 Million accident waiting
to happen every day now.”**

– Mike Vitulli,
Risk Strategies’ National Casualty Practice Leader



The background is a solid blue color with a repeating pattern of white hard hats. Each hard hat has a white cross on its front. The hard hats are arranged in a grid-like pattern, slightly offset from each other.

Nuclear Verdicts

- 1 **Negligent hiring** of drivers.
- 2 **Negligent training** of drivers or not providing training.
- 3 **Negligent entrustment** of a vehicle.
- 4 **Negligent maintenance** of vehicles.
- 5 **Failure to follow** your own fleet safety and safe drivers policies.
- 6 **No written company policy** regarding distracted driving and fatigue management, or policy inconsistently applied.

Nuclear verdicts

Plaintiff Attorney Allegations:

01	Negligent hiring of drivers	Negligent maintenance of vehicles	04
02	Negligent training of drivers and/or not providing driver training	Failure to follow your own auto fleet safety and driver policies	05
03	Negligent entrustment of an auto	No written company policy regarding distracted driving and fatigue management, or policy inconsistently applies	06

Nuclear verdicts

Plaintiff Attorney Allegations:

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Negligent hiring of drivers

04

Negligent maintenance of vehicles

02

Negligent training of drivers and/or not providing driver training

05

Failure to follow your own auto fleet safety and driver policies

03

Negligent entrustment of an auto

06

No written company policy regarding distracted driving and fatigue management, or policy inconsistently applies



Nuclear verdicts

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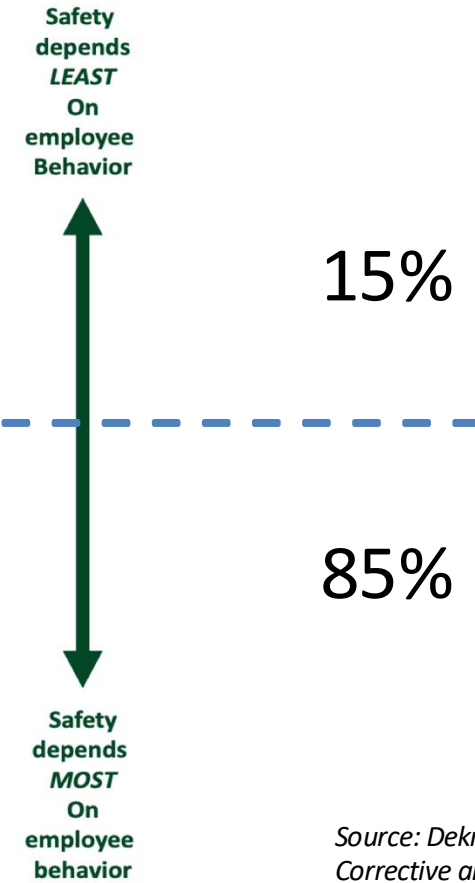
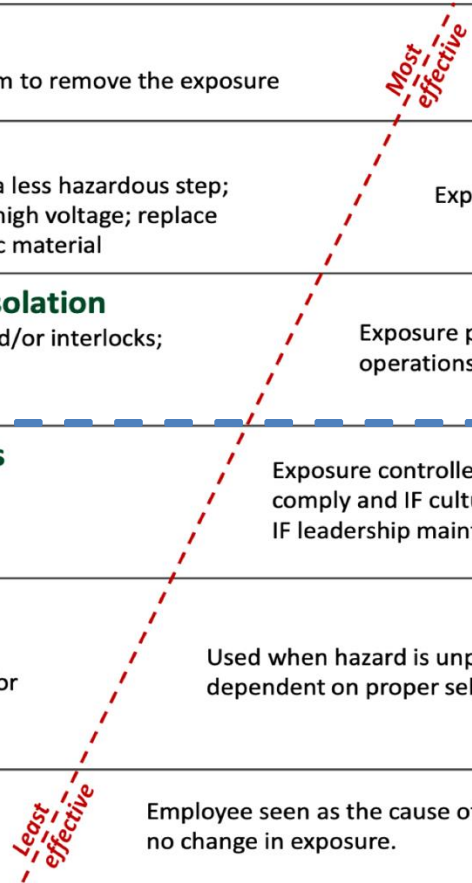
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Hazard Identification

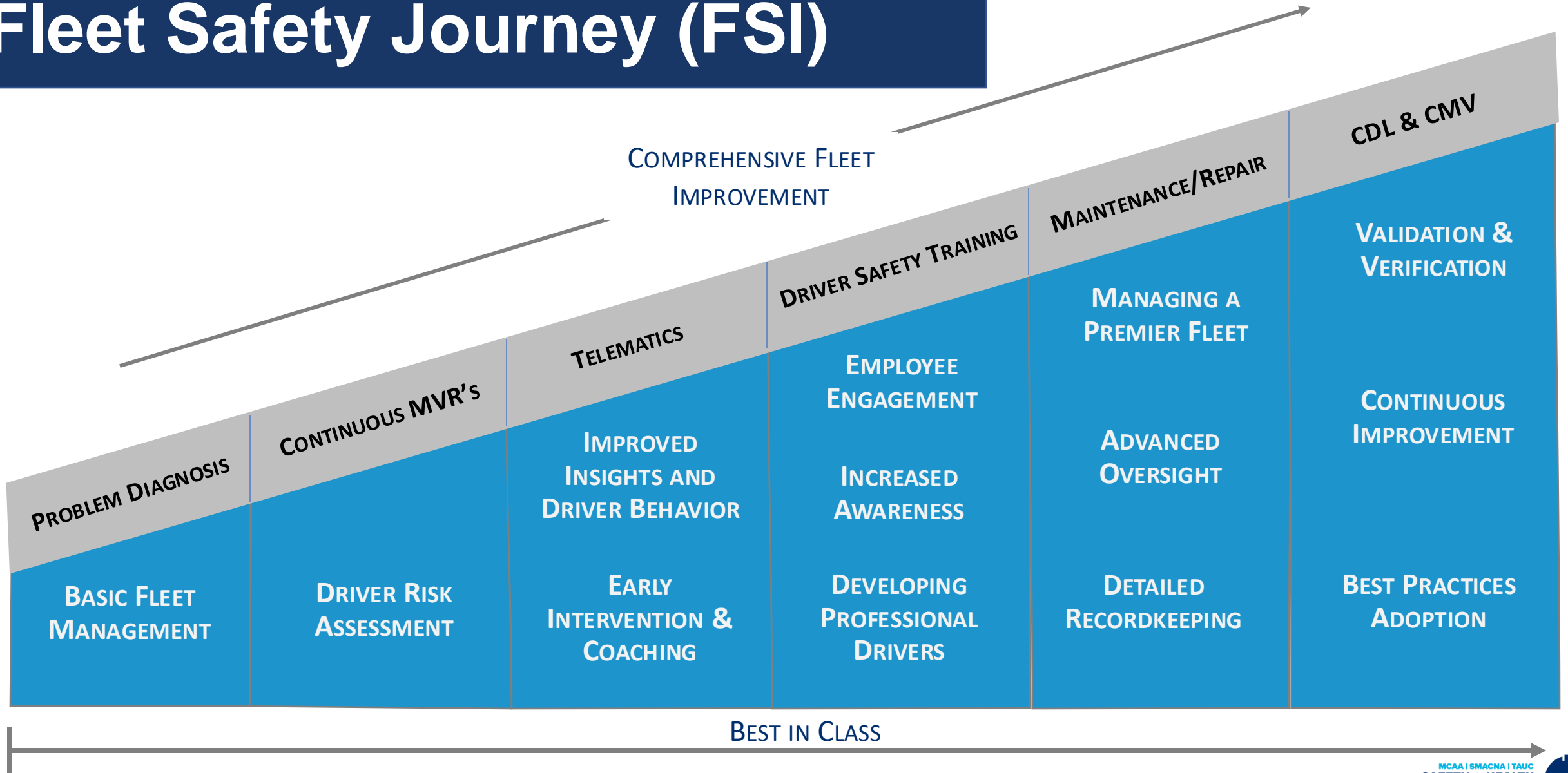
Hierarchy of Controls – Managing Exposures

Elimination Complete redesign of the system to remove the exposure	Exposure eliminated.
Substitution Switch out a process step with a less hazardous step; Use low voltage system versus high voltage; replace a toxic material with a non-toxic material	Exposure significantly reduced.
Engineering Controls/Isolation Isolate hazard; install guards and/or interlocks; build barriers; use light curtain; develop new tool	Exposure possible during maintenance operations or emergencies.
Administrative Controls Post signs and warning; Write procedures and rules; Train employees	Exposure controlled IF employees rigorously comply and IF culture supports compliance and IF leadership maintains commitment to oversight.
Personal Protective Equipment Provide protective equipment for Employee (e.g., hard hats, respirators)	Used when hazard is unpredictable or pervasive; control is dependent on proper selection and use.
Gimmicks; incentives; hollow threats	Employee seen as the cause of exposure and requiring motivation, no change in exposure.



Source: Dekra 2018 Study of Post-Incident Corrective and Preventive Actions

Pursuing Excellence in your Fleet Safety Journey (FSI)





Developing the Plan of Action







ACIG Risk Management Campaign

Fleet Safety Initiative (FSI)

1

Continuous
Motor Vehicle Record (MVR)
Monitoring for all drivers

2

Active monitoring of a **Telematics** system on all company-owned and leased vehicles

- Speeding
- Hard Breaking

3

All Drivers are to attend mandatory **Training**

- General vehicle safety practices
- Distracted Driving
- Fatigue Management Training

4

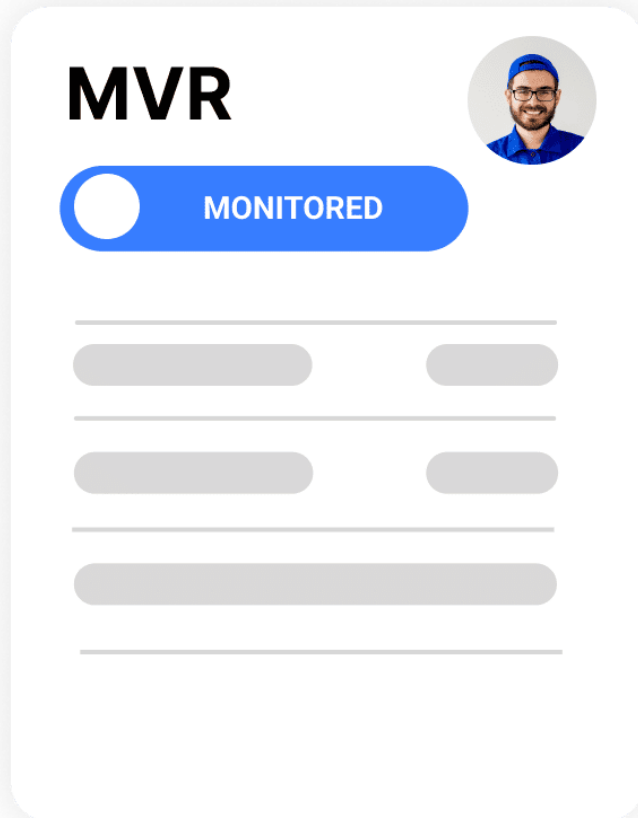
Written
Maintenance Program

5

Annual **Third-Party Audits** of all Commercial Driver's License (CDL) drivers and Commercial Motor Vehicles (CMVs)



Motor Vehicle Record (MVR)



- Eliminate the manual MVR pulling process while gaining better insight into driver behavior.
- Identify and address high-risk drivers before they are involved in an accident.
- Digitize safety policies while elevating risk mitigation efforts.
- Incorporate driving behavior into retention strategies, in order to positively intervene regarding violations.
- Identify, onboard, and retain professional drivers.

Telematics



- Fleet Telematics Systems have become an increasingly popular and highly effective tool for helping manage your fleet, improve driver performance, and mitigate auto liability claims.
- Vehicle telematics are used to describe vehicle onboard communication services and applications that communicate with one another via GPS receivers and other telematics devices. Vehicle telematics are most commonly used for vehicle tracking, driver behavior monitoring/coaching, and accident reconstruction.

Bonus Slide – Considering Cameras?



63%

Percent of cases were **road-facing cameras** exonerate drivers



49%

Percent of cases were **driver-facing cameras** exonerate drivers



10%-45%

Decrease in insurance claims
among policyholders with driver-facing cameras



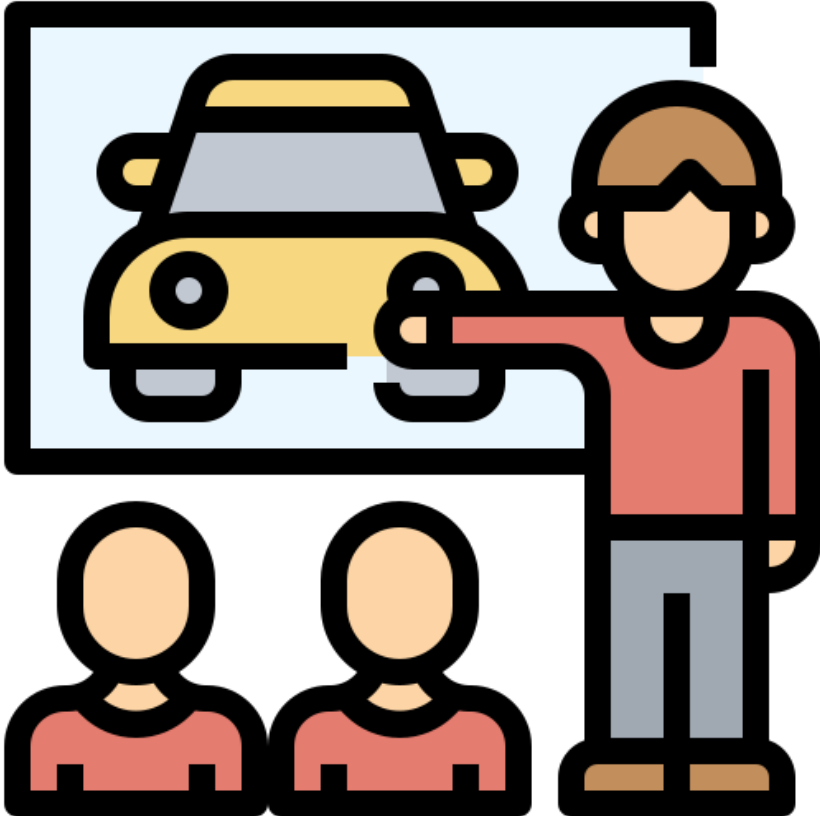
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COMPLIANCE to COMMITMENT | Claims • Risk Management • Safety • PEQM

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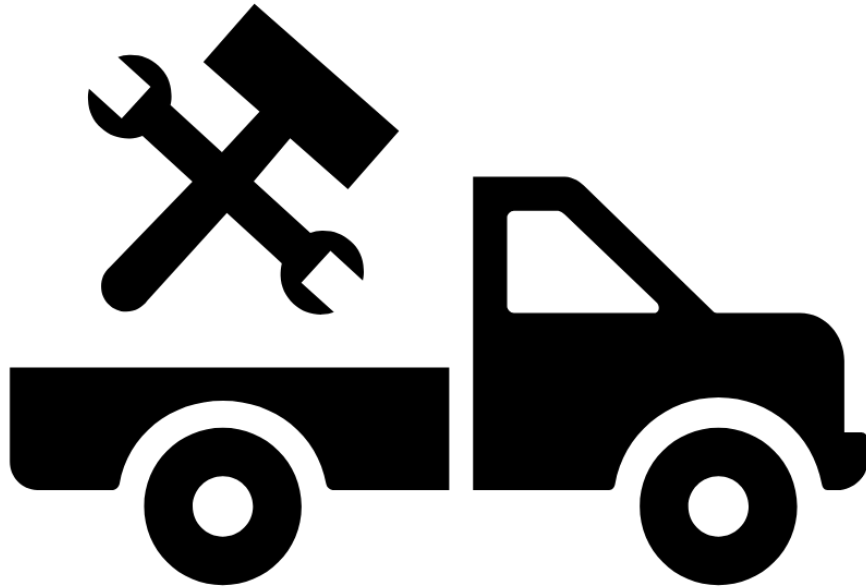


Driver Training



- Training for professional drivers who drive on the company's behalf is a key element of an effective driver safety program.
- Minimum standards have been established for initial and recurring training for all employees who drive on behalf of the company.
- Ineffective or “check the box” training can do more harm than good.
- Take advantage of the opportunity with new drivers to set clear expectations upfront and provide all the necessary information and skills for drivers to be successful.

Vehicle Maintenance



- Practice of keeping your vehicles in optimal driving condition.
- Through planning, diagnostic testing, and real-time service, including repair scheduling.
- Good vehicle maintenance ensures reliable and efficient performance.
- Critical for sustained business practices. Vehicle performance increases by all measures.
- Prevents costly downtime.

Third-Party Audits



- Third-party CDL audits can act as a supplement to uncover deficiencies that have broken down or were overlooked, and serve as proof of due diligence post-incident.



Final Thoughts

Safety Management (R)evolution

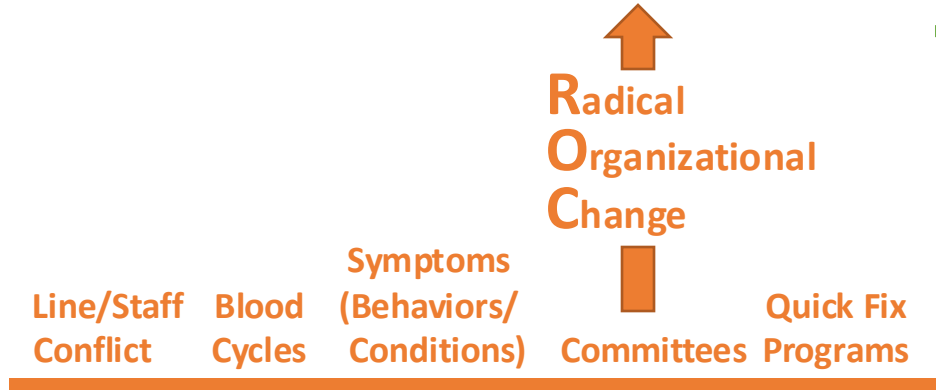
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CAUSED 82 ACCIDENTS IN 5 YEARS



NEVER ACTUALLY IN ONE



THANK YOU!



Appendix

Interacting Factors That Influence Crash Risk

Driver Factors

- Demographics
- Personality Traits
- Lifestyle Factors
- Health and Medical Conditions

Situational Factors

- Life Events
- Stressful or Emotional Events



Environmental Factors

- Schedules
- Compensation
- Job Training and Experience



Descriptive Results

96% Male

Age

- 21-33 yrs: 25%
- 34-42 yrs: 24%
- 43-51 yrs: 27%
- ≥52 yrs: 24%

29% Overweight

58% Obese

- Class I ($30 \leq \text{BMI} < 35$): 28%
- Class II ($35 \leq \text{BMI} < 40$): 16%
- Class III ($\text{BMI} > 40$): 15%

63% used tobacco

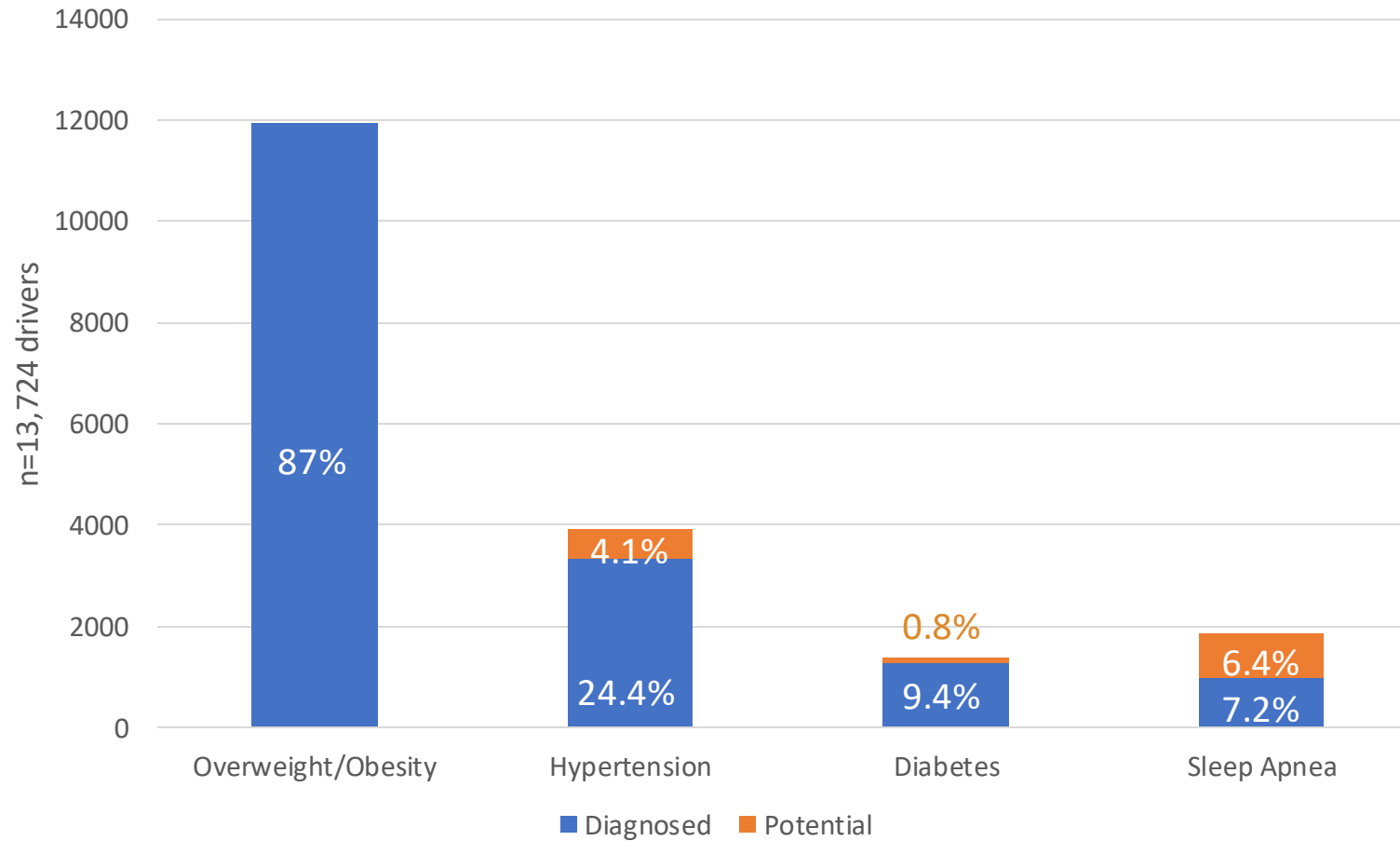
73% napped during day

34% not on a regular sleep schedule

54% sometimes on a regular sleep schedule

29% reported no weekly exercise

Most Common Medical Conditions



MOST COMMON MEDICAL CONDITIONS

Drivers being treated for most medical conditions were no riskier than drivers without the same medical conditions. In some cases, treated drivers were less risky than those without the medical condition

Obesity did not increase crash or violation risk

- Untreated comorbid conditions increased crash risk

Obstructive sleep apnea (OSA) treatment reduced crash risk ~40%

- non-treatment increased risk by ~200%

Hypertension (HTN) treatment reduced risk ~5% to ~40%

- non-treatment increased risk by ~30% to ~200%

3% of drivers diagnosed with a nervous/psychiatric disorder (i.e. depression, anxiety)

- *Regardless of treatment*, were more likely to be involved in all crash types
- Treated drivers 2.42 times more likely to be involved in a crash
- Untreated drivers 11.43 times more likely to be involved in a crash



Resources

- [AAA Foundation for Traffic Safety](#)
- [American Trucking Associations](#)
- [ANSI- Z-15 Safe Practices for Motor Vehicle Operations](#)
- [Cal/Amp](#)
- [Drivers Alert](#)
- [JJ Keller](#)
- [Lytx](#)
- [National Coalition for Safer Roads \(NCSR\)](#)
- [National Highway Traffic Safety Administration \(NHTSA\)](#)
- [National Institute for Occupational Safety and Health \(NIOSH\) Center for Motor Vehicle Safety \(CMVS\)](#)
- [National Safety Council \(NSC\)](#)
- [Network of Employers for Traffic Safety \(NETS\)](#)
- [SambaSafety](#)
- [Smith System](#)
- [Trucksafe – DOT Compliance for Small vs. Large Fleets](#)
- [Zonar](#)



Building Better Builders



Clay West

EHS Director



BMWC Constructors, Inc.



(219) 922-5000 Office



cwest@bmwc.com



Carl Heinlein CSP, FAIHA, FASSP

Senior Safety Consultant



American Contractors Insurance Group



724-935-1650 Office
412-818-1161 Cell



cwheinlein@acig.com