

# **2023 Fleet Risk Environment**

Managing fleet safety is now more important than ever.

## Trends impacting commercial auto insurance



## Sharp increase in roadway fatalities

Fatality rate has increased 22% since 2019. Increased speeding and distracted driving are factors, along with decrease in safety belt usage.<sup>1</sup>



## Rising auto body repair costs and time

Average repairs take 6 to 8 weeks from scheduling to completion and minor fender benders average \$4,000.<sup>2</sup>

**24**%

# **Employee Fatalities**

Motor vehicle crashes are the leading cause of work-related deaths in the U.S., making up 24% of all worker deaths.<sup>3</sup>



# **Driver shortage**

Hiring unqualified drivers increases accident frequency and severity.



#### Social Inflation

Increasing trend to get an attorney immediately and belief that filing a lawsuit is appropriate. Higher compensation for damages expected.



### **Nuclear Verdicts**

In 2019 alone there was a 300% increase in verdicts of more than \$20 million when compared to the average from 2001 to 2010. Auto accidents make up a large number of these verdicts.<sup>4</sup>

# **Key accident factors**



#### 94% of collisions due to driver error

Driver inattention, distractions, driving too fast for conditions, etc.<sup>5</sup>



## **Distracted driving**

27% of crashes due to texting or talking on cellphones.<sup>6</sup>



## **Speeding**

28% of all fatal crashes are speed related. In 2022, the number of major speeding violations issued was up 20% over 2019.<sup>7</sup>



#### Rear-end collisions

Often severe and almost always at fault. On average, make up one-third of an organization's claim costs.



#### Intersection collisions

Another high severity accident type. Left turn collisions trending up.



## **Pedestrian collisions**

Pedestrian fatalities grew 18% from 2019 to 2021 and is the highest since 1981.8



## Catalytic converter theft

388% increase from 2020 to 2022. Replacement costs between \$1,000 and \$3,500 and often delays in ordering replacement.<sup>9</sup>



# Is your organization placing as much emphasis on managing fleet safety as it should?

Review the next page for ideas and visit our <u>Loss Control Services</u> <u>vehicle safety web page</u> for resources to assist.

<sup>1</sup> Early estimate of motor vehicle traffic fatalities for the first quarter of 2023 (Crash•Stats Brief Statistical Summary. Report No. DOT HS 813 482). NHTSA; <sup>2</sup> Driving Behaviors Survey Findings: 2023, Nationwide claims data, March 2023; <sup>3</sup> U.S. Bureau of Labor Statistics. Census of Fatal Occupational Injuries, 2021 (bls.gov); <sup>4</sup> Understanding the Impact of Nuclear Verdicts on the Trucking Industry, American Transportation Research Institute, June 2020; <sup>5</sup> Critical Reasons for Crashes Investigated in the National Motor Vehicle Crash Causation Survey, Traffic Safety Facts, NHTSA, DOT HS 812 115, February 2015; <sup>6</sup> Cellphones Are Involved in an Estimated 27% of All Car Crashes," press release, National Safety Council (May 18, 2015); <sup>7</sup> National Center for Statistics and Analysis. (2022, June). Speeding: 2020 data (Traffic Safety Facts. Report No. DOT HS 813 320). NHTSA; <sup>8</sup> Pedestrians, Traffic Safety Facts DOT HS 813 458, 2021 data, NHTSA, June 2023; <sup>9</sup> Catalytic Converter Thefts Surge Nationwide, According To New Report, National Insurance Crime Bureau May 10, 2023

# Core fleet safety management best practices



# Establish fleet safety policies and procedures

- A written <u>fleet safety program and driver handbook</u>
- For small fleets, <5 vehicles, at least the driver rules and core policies should be documented
- Apply the same safety requirements to employees driving their own vehicles and validate they have their vehicle adequately insured
- Designated person or group responsible for overseeing fleet safety



### Purchase vehicles with safety in mind

- High crash ratings (<u>IIHS Ratings</u>, <u>NHTSA Ratings</u>)
- Advanced Driver Assistance Systems (<u>ADAS</u>): automatic emergency braking, lane change warnings, etc.
- Establish sound vehicle inspection and maintenance procedures
- Protect against catalytic converter theft



### Hire qualified drivers

- At least five years of driving experience, two of which are operating a vehicle similar to the one they will be driving for your organization
- Road test drivers to ensure they practice safe driving techniques and have not developed unsafe habits
- Establish guidelines for what constitutes an <u>acceptable</u> <u>motor vehicle record</u> (MVR). At a minimum, MVRs should be run at hire and annually thereafter
- Ensure drivers are <u>alcohol and drug free</u> behind the wheel



## Provide safety training and awareness to reinforce safedriving behaviors

- Even experienced drivers can develop poor driving habits. Provide core safe driving training and awareness to all drivers at least monthly
- Core topics: <u>preventing rear-end collisions</u>, <u>intersections</u>, <u>distracted driving</u>, <u>speed management</u>



### Supervise drivers to reinforce safe-driving expectations

- Use <u>telematics</u> systems to identify unsafe driving behavior: speeding, hard brakes, etc.
- Conduct periodic driver ride-alongs to review safe driving techniques
- Coach drivers to improve behavior and reward safe drivers



### Prevent distracted driving

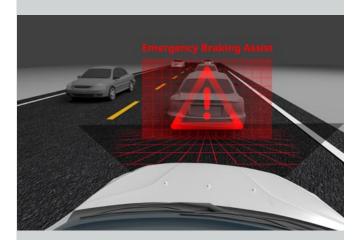
- Educate drivers on the dangers of inattentive driving
- Develop clear <u>policies</u> against distracted driving, including limitations on cell phone use of any kind

# Industry Insight:

# Technology to prevent accidents

# Advanced Driver Assistance Systems (ADAS)

ADAS such as adaptive cruise control, automatic emergency braking and lane keeping assist have been shown to reduce accidents significantly. For example, a 50% reduction in rear-end crashes with forward collision warning, plus automatic emergency braking.8 For more info.



## **Vehicle Telematics**

Telematics systems can be effective in identifying aggressive driving and used to improve driver behavior. Speeding, hard braking, harsh acceleration and distracted driving are a few of the behaviors identified. Telematics cost about \$20 per mo. per vehicle for basic features. Contact your agent for information on Nationwide-sponsored telematics programs. For more info.

### **Dashcams**

Dashcams can be extremely valuable in managing driver behavior and are essential tools in determining the cause of auto accidents.

Stand-alone cameras cost less than \$150, with no monthly subscription. Telematics-based systems cost \$45 to \$60 per mo. per vehicle. For more info.

Nationwide can show fleet administrators how to benefit from these technologies.