Insurance & Risk Management Roundtable

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Dealing with MVRs & Driver Qualifications

- Driver qualification – THE #1 Risk Management Tool
- Who is responsible for checking MVRs?
Dealing with MVRs & Driver Qualifications

- When should MVRs be checked?
  - At hire
  - At Least Annually
- What role does the insurance carrier play in the process?
  - Underwriting- New Drivers/ Renewal Drivers
  - “Excluded drivers”
- What is the insurance agents role?
  - Privacy laws & Credit reporting agency issues
  - Facilitator & Advocate
What do the numbers look like and what are underwriters looking for in a good fleet risk?

Sharon Blake
Division Executive, The Hartford
Automobile Insurance
More Accidents, Larger Claims Drive Costs Higher
October 2016
The Big Problem: Insurance Costs Are Rising

Auto Insurance Increase in Loss Costs, 2014:Q1–2016:Q1

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bodily Injury</td>
<td>9.6%</td>
</tr>
<tr>
<td>Property Damage</td>
<td>14.7%</td>
</tr>
<tr>
<td>Personal Injury Protection</td>
<td>18.4%</td>
</tr>
<tr>
<td>Collision</td>
<td>11.1%</td>
</tr>
<tr>
<td>Comprehensive</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

From early 2014 to early 2016, the cost of accidents has risen dramatically. By contrast, consumer prices overall rose 1.7 percent during 2014 and 2015.

Source: Fast Track Monitoring System.
More Accidents

Collision Claims: Frequency Trending Higher in 2015

The accident rate – the number of claims per hundred vehicles – is rising.

Why More Accidents?
More Driving

More Miles Driven, More Collisions, 2006–2015

People are driving more. The more miles people drive, the more likely they are to get in an accident.

Why More Accidents?
More Jobs


People are driving more because the economy is improving.
Accidents Are Getting More Expensive

Collision Claims: Severity Trending Higher in 2009–2015

The average claim size has risen steadily since 2010.


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Why Are Accidents More Expensive? Repair Costs

Cost of Body Work Is Rising Faster Than Costs Overall

The cost of repairing autos is rising faster than overall inflation.

Indexed so 2004 = 100.

Severity: Driving Fatalities Are Rising

Driving has been getting safer for decades, but recent trend is discouraging—38,300 deaths in 2015.

Seatbelt Use Rose to 62% of Drivers, From 49% in ‘90

Big Drop-off Due to the Great Recession

On Track for 18% Increase in Two Years

How do Underwriters Think about Auto Risks

- **Management** – Safety Program, Understanding of Risk, Attitude
- **Drivers** – hiring practices, MVR guidelines/procedures, training
- Number, Age, Type and Condition of **Vehicles** (any specialization that increases cost of unit/cost to repair)
- **Loss History** – Examine Frequency & Severity. Any learnings or changes made post loss?
- Size and **radius of insured’s operations**. Time bound deliveries? Consistent Routes? Vehicles at jobsite or in motion for majority of day? Rural or Urban environment?
- **Preventative Maintenance** Program for owned vehicles.
- **Concentration Hazard**? Stored in one facility? Covered? Flood?
- Salespersons or Executives provided **company cars** – 24 hour exposure? Family member policy? Unusual amount of rental cars – details?
- **Employees** using their own vehicles for business – limits required, COI verification procedures
What are the key fleet exposures insurance company loss control staff expect to be addressed?

Will Strasburg
Risk Control Director, CNA
Common Causes of Rear-end Crashes

- Driver being distracted
- Following too close
- Going too fast for conditions
- Another vehicle cutting in front of your vehicle
# Auto Rear-end Crash / Distracted Driver

<table>
<thead>
<tr>
<th>Speed</th>
<th>Each Second</th>
<th>3 Seconds</th>
<th>6 Seconds</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 m.p.h.</td>
<td>52 feet</td>
<td>166 feet</td>
<td>312 feet</td>
</tr>
<tr>
<td>45 m.p.h.</td>
<td>66 feet</td>
<td>198 feet</td>
<td>396 feet</td>
</tr>
<tr>
<td>55 m.p.h.</td>
<td>81 feet</td>
<td>243 feet</td>
<td>486 feet</td>
</tr>
<tr>
<td>65 m.p.h.</td>
<td>96 feet</td>
<td>288 feet</td>
<td>576 feet</td>
</tr>
</tbody>
</table>
What is Distracted Driving?

- Any activity that could divert a person’s attention away from the primary task of driving.
- ALL distractions endanger driver, passenger, and bystander safety.
Rear-end Crashes / Following Too Close

A driver must allow enough distance between their vehicle and the one ahead so they have time to react and stop without hitting the vehicle ahead.

- A standard rule is to be 3-4 seconds.
  
  ➢ In a loaded vehicle or in poor weather conditions you need to increase this to 4-6 seconds.
What can you do to improve your fleet safety program from a “risk management“ perspective?

Patrick Durbin, CHMM
Assistant Director of Risk Control, The UT System
Fleet Risk Management

- Know your operations
  - What are you using vehicles for?
  - Who is driving?
- Do what you say!
  - Training
  - MVR checks
  - Inspections
  - Maintenance
- Expect the best, but plan for the worst
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QUESTIONS?