

SPIREON FLEET & ASSET INTELLIGENCE

Protect your people and profits through driver safety

Accidents happen. This is especially true for companies operating fleets and employing mobile workforces. In 2015, the National Highway Traffic Safety Administration (NHTSA) reported nearly 6.3 million police-reported traffic crashes. And this number doesn't include the millions of crashes that go unreported each year.

Those accidents are costing companies millions of dollars every year, not just in vehicle damage but in medical care, lost productivity and revenue, property damage, motor vehicle liability, fleet insurance and vehicle insurance. Add to that the increased cost of workers compensation, social security and private health and disability insurance incurred after a vehicular accident. And don't forget about the additional costs for administering these programs.

In fact, the NHTSA estimates the cost of crashes in 2010 reached close to \$1 trillion. According to the agency, the average crash costs a company \$16,500 or approximately 16 cents per mile driven. If injury is involved, that cost soared to \$76,313 — with worker injury claims related to vehicle crashes costing an average of \$21,000 per incident. If the crash resulted in a fatality, the number jumped to \$504,408. Those costs have only increased in recent years.

According to the Insurance Research Council's Auto Injury Insurance Claim Study, medical expenses reported by auto injury claimants are rising faster than the rate of inflation.

SOURCE: U.S. DOT Traffic Safety Facts

THE ALARMING RATE OF ACCIDENTS



**EVERY 5 SECONDS
A CRASH OCCURS**
COSTING A COMPANY

\$16,500
OR 16 CENTS PER MILE DRIVEN



**EVERY 10 SECONDS
AN INJURY OCCURS**
COSTING A COMPANY AS MUCH AS

\$76,313

OSHA REPORTS THAT ONE OUT OF EVERY FIVE DRIVERS WILL BE INVOLVED IN A TRAFFIC ACCIDENT THIS YEAR.

The losses of liability

The most significant accident-related costs come from liability. In a study of 390 wrongful death vehicle cases involving trucks, the Bassett Firm found that verdicts in favor of the plaintiff ranged from a low of \$85,000 to a high of \$23,588,217. The firm also reported that wrongful death settlements went as high as \$5,800,000. If an employee gets into an accident that results in injuries or a fatality while driving a company car, your business is instantly susceptible to lawsuits and negligence claims that could cost you millions of dollars. Settling these claims can come at a very high price. And if a case goes to trial, there's no telling how much the plaintiff might be awarded.

So, who pays for the high cost of vehicular accidents? According to the NHTSA, private insurers pay around 50% of all motor vehicle crash costs, with individual crash victims paying about 26%. Third parties pay 14%, with federal, state and local governments covering the rest. When the vehicle involved in the accident is owned by your company, you're on the line for the majority of those costs — especially when your company is deemed liable for the crash and any related injuries or fatalities.

Beyond the monetary costs of accidents is the risk to human life and safety. NHTSA reported 35,092 traffic fatalities and 2.44 million people injured in 2015. As a responsible and ethical employer, you want your drivers to be safe and free from injury. You want your employees to know you value their well-being and their lives. Protecting them from dangerous situations and behaviors behind the wheel goes a long way toward securing the safety and loyalty of your people — and that has no monetary cost.

In a study of 390 wrongful death vehicle cases involving trucks, the Bassett Firm found that verdicts in favor of the plaintiff ranged as high as \$23,588,217. The firm also reported that wrongful death settlements went as high as \$5,800,000.

SOURCE: U.S. DOT Traffic Safety Facts

SOURCE: U.S. DOT The Economic and Societal Impact of Motor Vehicle Crashes, 2010 (Revised)

According to a 2015 study conducted by ISO, a leading source of information about property and casualty insurance risk:

BREAKING DOWN Insurance Cost



The average auto liability claim for property damage was **\$3,493**

The average auto liability claim for bodily injury was **\$17,024**

The average collision claim was **\$3,350**

The average comprehensive claim was **\$1,671**

SOURCE: Insurance Information Institute

Common culprits of accidents

We've looked at the costs of fleet-involved accidents. Employers seeking to reduce the number of accidents involving their employees and vehicles must first understand what's causing those accidents. Only by identifying risky driving behaviors can you then develop the strategies to eliminate them. To target the primary causes of fleet-involved accidents, we first turn to the research already made available. Let's look at the culprits.

A study conducted by Fleet Response places the highest occurrence of fleet-involved accidents between 11 a.m. and noon. The study also indicates that drivers between 36-45 are involved in the highest percentage of accidents. Now that we know who's most likely to have an accident and when, let's take a look at what driver behaviors led to collisions.

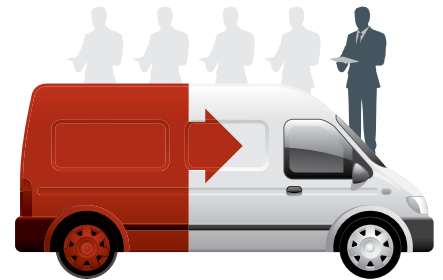
SPEEDING

As more companies employ mobile workforces to deliver products and services, fleet-involved accidents have continued to rise. According to ATS Fleet Solutions, the number of fleet driving violations increased around 50% between 2007 and 2015. One of the major violations among fleet drivers is speeding. According to NHTSA, in 2010 speeding accounted for 21% of accident-related costs, responsible for as much as \$210 billion. The agency also reported that speeding contributed to 30% of all fatal crashes in 2012.

HARD BRAKING

While speeding is a prime suspect for fleet-involved accidents, we must look at other driver behaviors that increase the risk of incidents. Among these are aggressive behaviors such as hard braking and accelerating. Let's start with hard braking and why it's a major problem. The NHTSA tells us that 90% of rear-end accidents are caused by delayed driver reaction. In other words, those accidents could have been prevented if the drivers had more time to realize they were about to rear-end the vehicle in front of them and take the appropriate preventative action. When your drivers brake abruptly, they give the driver behind them less time to react and apply the brakes themselves, resulting in an otherwise avoidable rear-end collision.

OSHA reports that **ONE OUT OF EVERY FIVE DRIVERS** will be involved in a **TRAFFIC ACCIDENT** this year.



41%

of **ACCIDENTS** were due to **DRIVER DISTRACTIONS** and **AGGRESSIVE** driving behaviors.

50%

Increase in
Fleet Driving
Violations

According to ATS Fleet Solutions, the number of fleet driving violations increased around 50% between 2007 and 2015.

Hard braking is also a clear indicator that your drivers may be driving too closely to the vehicles in front of them. Perhaps stuck behind a slow-moving car, the impatient driver gets too close to the preceding vehicle's back bumper and repeatedly slams on the brakes. Without enough time and distance to respond, this tailgating driver runs a much higher risk of rear-ending the car he's behind.

HARD ACCELERATING

On the converse side of hard braking is hard accelerating. The same driver who may be intermittently slamming on his brakes is also likely to accelerate harshly to recover speed. Chances are, drivers who accelerate suddenly and rapidly are not keeping a safe distance between themselves and the vehicles in front of them, increasing the chances of a rear-end collision.

HARD CORNERING

Hard cornering is another indicator of aggressive and dangerous driving behavior companies are well advised to address. For drivers operating trucks, cornering poses an additional risk for accidents and injury. A study undertaken by the Federal Motor Carrier Safety Administration looked at 239 crashes in which the truck rolled over. Further analysis revealed that nearly half of those roll-overs resulted from drivers failing to adjust speed to curves in the road — predominantly on- and off-ramps. Even smaller vehicles that take corners too quickly run a higher risk of hitting another car, property or pedestrian.

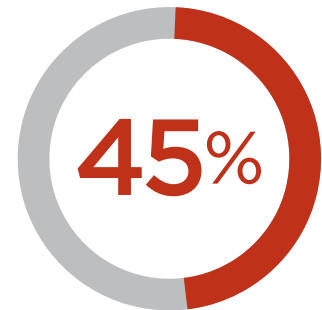
Prevention is the solution

According to a study conducted by Element Fleet, one in five fleet vehicles are involved in a crash annually. Given the statistics, your company can expect to have around 4.4 accidents per million miles driven. Reducing this by just one or two accidents can mean significant savings for your business. The question is: How?

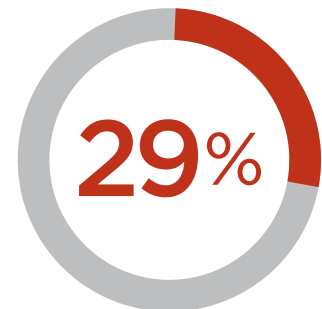
The cost of accident prevention is much lower than the cost of an accident. That's why more companies employing fleets and mobile workforces are investing in proactive strategies to improve driver safety and modify risky driver behaviors. These strategies run the gamut from email communications to driver safety training to identifying and implementing best practices. In a recent survey of employers operating company cars, 45% of surveyed drivers said their companies regularly send them emails with tips and pointers on safe driving. Nearly one-third of those drivers have been invited to complete workshops and courses on safe driving or complete driver-safety tests. And 29% of surveyed drivers regularly receive feedback from employers on their driving behavior.



The NHTSA tells us that 90% of rear-end accidents are caused by delayed driver reaction. When your drivers brake abruptly, they give the driver behind them less time to react, resulting in an otherwise avoidable, rear-end collision.



45% of surveyed drivers said their companies regularly send them emails with tips and pointers on safe driving.



29% of surveyed drivers regularly receive feedback from employers on their driving behavior.

While informing and training drivers on safety is a good place to start, companies are quickly realizing the need for increased visibility into their drivers' on-the-road behaviors in order to effectively address the risk. Many of these companies are turning to GPS-based telematics technology to provide this visibility. Telematics systems let you see where your vehicles are located and allow you to track their movements. But more than simple vehicle locators, your telematics system should allow you to monitor and measure specific driver behaviors — such as speeding, hard braking, hard accelerating and cornering — that put your vehicles at higher risk for accidents. With the ability to see which drivers are behaving aggressively, and how often, you'll have the intelligence you need to correct those behaviors before they lead to a crash.

Transforming driver behavior through telematics

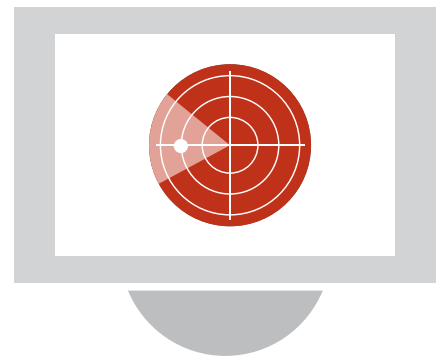
There's no question telematics can be a powerful tool in identifying risky, aggressive and dangerous driver behaviors. But along with identifying those behaviors, you'll also want to modify and eliminate them. To do this, your best bet is to look for a telematics system that comes with a driver performance program specifically designed to permanently change unwanted behind-the-wheel behaviors. Look for a driver performance program that offers the following key features and functionality.

REAL-TIME FEEDBACK

Let your drivers see when they're speeding, hard braking, accelerating and cornering. Let them track how many times they've done these risky activities in a day, throughout the week or over the course of the month. By allowing your drivers to monitor their own behaviors behind the wheel, you're giving them the tools to self-manage and improve. The program should provide instant behavior modification in the vehicle with sound alerts or mobile views, allowing your drivers to see how they're performing against their co-workers on their smart phones, tablets or laptops.

TREND REPORTING

Your driver performance program should give you and your fleet managers valuable insight into your drivers' behaviors. You should be able to receive automated reports that analyze the risk and safety performance of each driver in your fleet, based on a wide range of behaviors including speeding, hard braking, hard accelerating, sharp cornering, over-acceleration and after-hours vehicle use. These reports should reveal daily, weekly and monthly trending information, allowing you to see the frequency and changes in driver behavior across your fleet, over time. This intelligence will be vital for helping managers set and reach attainable goals.



REAL-TIME VISIBILITY

With the ability to see which drivers are behaving aggressively, and how often, you'll have the data you need to correct those behaviors before they lead to a crash.

DRIVER EDUCATION

Look for a driver performance program that serves up driving tips and pointers and gives drivers access to a library of these tools. The program should encourage drivers to review tips often. It's also important to make sure you and your fleet managers educate your drivers on the impact their behaviors have on personal as well as vehicle safety.

POSITIVE REINFORCEMENT

The most effective driver performance programs will proactively modify driver behaviors through positive reinforcement, rather than punitive measures. Look for a program that allows you to recognize and reward not only those drivers with the safest record, but also those who make the biggest improvements across all behaviors. Consider a program that offers a game-based format that encourages drivers to compete on teams and individually for the highest daily, weekly and monthly scores, and incentivize those high scores. Employees respond well to gamification of daily tasks and will benefit from team motivation and support.

Creating a culture of safety

As more businesses put more vehicles and drivers on the road, the smartest companies are making driver safety a top priority. More than a strategy or initiative, driver safety should become an integral part of your company's culture, embraced and supported from your leadership to the employees behind the wheel. With a focus on keeping your drivers safe, you'll not only see a reduction in accidents and related costs, you'll also see improvement in employee morale, satisfaction, loyalty and productivity. And that's good for everyone — you, your people and your customers.

In the next issue of our Fleet Management best practices white papers, we'll shift from securing your drivers to securing your customers through improved customer service and satisfaction.



Roni Taylor

Vice President
of Industry
Relations

A seasoned veteran of the transportation and trucking industry, Roni Taylor has over 25 years of experience in marketing communications and product management. Her career has spanned a number of fleet telematics providers, helping them determine their product road maps, establish leadership brands and increase customer reach.

In 2011, Taylor joined Spireon as Vice President of Product Management where she identified requirements and launched product and marketing initiatives for Spireon's Fleet and Asset Intelligence segment. As the Vice President of Industry Relations for Spireon's family of fleet solutions, she connects customers and partners to the latest industry trends, developments in government regulations and compliance, as well as proactive solutions that enable fleet owners and operators of all sizes to capture a wealth of Rich Data served up as business intelligence.

Get Started

Contact the Spireon FleetLocate team at **1-800-557-1449**

About Spireon

Spireon, Inc. is the industry's leading open connected vehicle company, providing businesses and consumers with powerful Big Data insights to track, manage and protect their most valuable assets. The award-winning Spireon NSpire open platform delivers rich information from any GPS connected vehicle or asset, converting that information into actionable insight. Headquartered in Irvine, CA, Spireon's open connected vehicle platform now supports more than three million active subscribers across the company's growing suite of product offerings for new and used car dealers, lenders and financial institutions, rental car agencies, insurers, consumers, and fleet, trailer and asset management companies.

Headquarters:

16802 Aston Street
Irvine, CA 92606

Date Founded: 2002

Number of Employees: Over 400 Full & Part-Time

Number of Managed Devices: 3.5 Million



1-800-557-1449 . Spireon.com