



PENNSYLVANIA LUMBERMENS MUTUAL  
INSURANCE COMPANY

# COMMERCIAL AUTO STRATEGY

Pennsylvania Lumbermens Mutual realizes the need to address one of the largest sources for accidental loss that a client can face. This loss source touches business operations on a daily basis, at your company location or away from your main operations. It can include employees and non employees and one in which cargo, business interruption, and vehicles can be involved in -- Commercial Automobile.

The losses that are associated with Commercial Automobile coverages, affect each of us on a daily basis. PLM, in response to the need to eliminate or control the losses, has assembled a series of controlling strategies. The strategies are research based, have been assembled by PLM and client based personnel, and are targeted at identifying loss sources and delivering controlling strategies. An overview of the controlling strategies will be presented within this article.

The strategies that will be presented include:

- SAFETY MISSION STATEMENT
- EMPLOYEE SCREENING
- DRIVER AUTHORIZATION
- MVR REVIEW PROCESS
- ACCIDENT REVIEW PROGRAM
- COMPANY ENFORCEMENT POLICY
- PERSONAL USE OF VEHICLES

The strategies that will be addressed within this article, describe the areas that have been identified as having the greatest potential for preventing commercial auto losses. Although some of the strategies presented seem obvious, it is important to carefully consider the control techniques for the strategy, and adapt it into your own company environment.

## SAFETY MISSION STATEMENT

The safety mission statement informs operators, supervisors, and company personnel of the company's intent to provide a positive work environment and managements support for ongoing control of fleet safety activities. There are three elements that the policy should include. The policy should be long range in design; it should commit management to affirm and reinforce the policy on a daily basis, and should allow for flexibility when putting the program in place.

## EMPLOYEE SCREENING

A system of meaningful and realistic pre-employment screening is important to the success of any commercial fleet operation. By selecting the best available drivers, future financial losses involving vehicle operation and abuse can be avoided. Selecting the right driver depends largely on job standards that outline the prerequisites and skills that are necessary for satisfactory job performance. Drivers, who meet well-established guidelines, will usually work and drive safely.

## DRIVER AUTHORIZATION

Only authorized personnel should be allowed to operate vehicles in the course of employment. A Driver Authorization Card should be issued to all personnel who have successfully passed the employment screening process and are eligible operators based upon a review of accidental losses. A driver authorization card should be issued on an annual basis, and signed by the company president or chief executive. The card should specifically limit the persons who are authorized to operate a company vehicle and a new card should be issued each year based upon a review of the employees driving record, background review, and any actions taken under the accident review policy.

## **MVR REVIEW PROCESS**

The resources and assets of a company are at risk on a daily basis through the operation of commercial vehicles. Companies should be prepared to manage this exposure by being proactive and placing into effect a program of regular review of a drivers Motor Vehicle Records. It is imperative that you take action to correct any situation involving a driver with a poor driving record. Failing to do so could result in a significant financial or punitive loss to your organization. By allowing a driver with a poor driving record to operate a company vehicle you are placing or entrusting a vehicle into the hands of a driver that can be recognized as being incompetent.

## **ACCIDENT REVIEW PROGRAM**

A complete accident review program is necessary when controlling commercial automobile fleet losses. A written policy statement and program for reviewing vehicle losses should be in place. The statement should include reporting requirement, driver and supervisor responsibilities and an accident review procedure. The program should require the review of all reported accidents. Incomplete or late reports should lead to a follow-up discussion with effected employees and should be returned to the person generating the report with an explanation of the necessity for timely and accurate accident information. The review of a vehicle accident should result in the determination of the preventability of the accident.

## **COMPANY ENFORCEMENT POLICY**

A loss-controlling program is only as good as the company's enforcement of it. If the accident review process finds that an employee has had a preventable accident or has an otherwise unsatisfactory driving record, management should initiate disciplinary action. The range of disciplinary action should include limiting employee access to company vehicles, up to and including discharge.

## **PERSONAL USE OF VEHICLES**

In a number of commercial fleet operations, employees will have an opportunity to use a company vehicle for personal use. Personal use may entail keeping vehicles at employee's residence, driving vehicles to and from work, or using the vehicle for transporting personal property. If your fleet operation has these or similar exposures, it is imperative to develop and implement a program of personal use of company vehicles. The statement should outline specifically when and under what circumstances personal use of the company vehicle is permitted and who is authorized to drive the vehicle. In conclusion company vehicles are business tools and are made available for that purpose. Basic management fleet controls are necessary to help assure that these tools are used in the best interest of the company.

The seven controlling strategies that have been presented above have been selected for their potential effect in controlling commercial automobile losses. The strategies are not meant to be all-inclusive, but are a guideline to address the major sources for commercial auto losses. For further assistance in developing the strategies and implementing them into a successful blueprint for controlling fleet losses, please contact your Business Development or Loss Control Representative.