

Risk Management Model Program for Commercial Fleets



Table of Contents

Introduction 3

Management leadership 4

Driver selection 5

Driver orientation and training 5

Vehicle inspection and maintenance 6

Loss control program 7

Summary 8

Incidental fleet checklist 9

Risk Management Model Program for Commercial Fleets

At Sovereign Insurance, we recognize that many of our clients have vehicle fleets of various configurations, from passenger vehicles, pickup trucks, and vans, all the way up to tractor trailer commercial vehicles. However, the vehicle fleets often support the core businesses of our clients and are not their main business activity.

Although these fleets may not be the main business focus of such clients, it is still important to ensure they are effectively managed to protect against loss and be in compliance with provincial and federal regulations. It is also important to note that there are direct links between an effective risk management program, successful business operations, and the satisfaction of those that are assigned to driving tasks.

Considering this, we present the **Risk Management Model Program for Commercial Fleets**.

The key elements of an effective commercial fleet risk management program should include:

- a. **Management Leadership:** The risk management program needs to be fully supported from the top down to be successful.
- b. **Driver Selection:** Although most drivers are hired primarily for tasks other than driving, it is important to ensure that the selection/hiring process includes criteria related to the vehicles they will be driving.
- c. **Driver Orientation and Training:** Similarly, much of the training drivers of fleet vehicles receive focus on their primary tasks and not on driving; it is imperative that orientation and training on the vehicles they will be driving is just as robust.
- d. **Vehicle Inspection and Maintenance:** From daily pre-trip inspections to a preventative maintenance program designed to ensure the safety of all vehicles and prevent expensive on-road breakdowns, proper vehicle inspections and maintenance is vital to ensuring the vehicles remain on the road and not in a shop or loss caused by a vehicle defect.
- e. **Loss Control Program:** All accidents and incidents should be reported by drivers and investigated by trained management personnel, regardless of costs. These investigations can lead to critical learnings for all drivers in preventing recurrence and reducing losses. Documentation of the accident/incident management process is an effective due diligence process that will prove invaluable in possible litigation actions and government audits.

Let's look at each of these elements in more detail:

Management leadership

For the program to function properly, management must assume leadership and set guidelines for its fleet operations as it does for its main business activities.

A safety policy concerning motor vehicle loss control should be developed and implemented to:

- a. Reflect management's posture concerning motor vehicle safety, including:
 - Distracted Driving
 - Inclement Weather
 - Speed Management
 - Drug and Alcohol Management
- b. Concisely outline the company's approach to controlling vehicle losses. Specifically outline the authority and responsibility of personnel involved in the motor vehicle loss control program.
- c. Establish an accountability system.

The nature and extent of the program will depend on fleet size, number of drivers, relationship of the fleet to the company's operations and supervisory structure.

With proper management leadership, the company can reap benefits that include a profitable operation, safety and satisfaction of its drivers that drives retention, an improved company image within the industry and with the public and overall goodwill.

Driver selection

The first step in any employment situation is to perform a job analysis to determine specifically what the employee must do, how it must be done, and what skills are necessary. When the position includes driving, management should incorporate the following criteria into the selection process:

- Ascertain that the employee has a valid driver's license (copy to file)
- Ensure that the employee is qualified to operate the specific type of vehicle
- Review the employee's knowledge of vehicle operation and safe driving techniques by conducting a written examination and driver evaluation
- Review the employee's Motor Vehicle Record (MVR) semi-annually to evaluate the individual's driving experience and observance of traffic laws and meets the company's hiring criteria
- Review past driving performance and work experience through previous employer reference checks
- Finally, ensure that the driver selection process is fully documented, typically in applicant/driver files.

Driver orientation and training

Based on a successful driver selection process, most individuals chosen to operate the company's commercial fleet will have the basic knowledge and skills necessary to drive the assigned vehicle. The goal of driver orientation and training is to increase these skills and fill in gaps where knowledge of company policy, use of equipment, and/or performance procedures needs strengthening.

Orientation includes indoctrination into the company safety policy and preventive maintenance program. It also includes introduction to key staff members that provide support and a tour of company and client terminals, and safety equipment as required.

Training should be provided both in the vehicle and company meetings. Training should consist of initial training in defensive driving concepts and should be followed by refresher training at an established interval. Interim training can be provided in the form of periodic driver safety meetings, where specific safety topics (usually based on the company's loss experience and accident trends) can be presented.

A basic training curriculum (driver's meetings and in-vehicle) should include at least the following subjects, as applicable:

- Company policy and procedures
- Equipment familiarization
- Routes and schedules
- Defensive driving techniques
- Applicable government regulations
- Cargo handling and load securement
- Emergency procedures
- Accident reporting
- Familiarization with emergency devices
- Specific, trend-identified exposures
- Ensure all orientation and training is documented on appropriate driver files; drivers should sign off indicating they understand and will follow the orientation and training provided to them.

Vehicle inspection and maintenance

Over-the-road vehicle breakdowns are costly to the company, provide a poor company image and create hazards that can lead to an accident. Of greater concern is the compromised safety of both the driver and other road users because of an inadequate vehicle inspection and preventative maintenance program. An effective and proactive vehicle inspection process and preventative maintenance program will prevent such issues from occurring.

Proper pre-trip and post-trip vehicle inspections will enable the driver to spot defects that can lead to trouble while behind the wheel. While this is important for the reliability and safety of all types of vehicles, it is critically important for commercial vehicles, both from a safety perspective as well as ensuring compliance with applicable regulations.

Scheduled preventive maintenance by a qualified mechanic based on manufacturer's specifications and equipment usage eliminates chronic performance exposures that may lead to vehicle downtime. Complete, detailed preventive maintenance records allow management to analyze the work performed on a vehicle to determine if additional work is necessary or can be expected, not only for that vehicle, but also for similar vehicles in the fleet. Managing a fleet in this way can result in significant savings, both in actual costs as well as identifying and correcting trends that may prove detrimental to the fleet.

Loss control program

The elimination of all motor vehicle accidents should be a major goal of every company operating a commercial fleet. To achieve this, a well-established system of reporting, recording, and analyzing the facts surrounding vehicular accidents should be developed.

Each vehicle should be equipped with a motor vehicle accident information kit, which would include reporting instructions, phone procedures, an accident report form and witness information cards. Sovereign Insurance can provide "Automobile Accident Reporting Kits" in both hard copy and electronic formats upon request.

All accidents should be investigated to some extent. Management needs to know the details of the accident so that appropriate corrective measures can be taken to prevent a recurrence.

The company should formulate an Accident Review Board made up of drivers and/or management representatives, whose purpose it is to:

- Evaluate the circumstances surrounding an accident and the actions taken by the driver
- Determine if the accident was "preventable" or "non-preventable" in accordance with industry standard preventability criteria
- Provide a means for enforcing the management and driver accountability systems

The standard acceptable definition of a **preventable accident** is: "Any accident involving the vehicle unless properly parked which results in property damage or personal injury, in which the driver failed to do everything he/she reasonably could have done to prevent or avoid the accident, regardless of which party was at fault."

A permanent file should be created that contains all pertinent information concerning the accident, including:

- The preliminary accident report from the driver
- Copies of accident report submitted to various agencies, as required by law
- Accident investigation data
- Police reports (if applicable/available)
- Any other useful evaluation information

Summary

Loss control for a company's commercial fleet should be an integral part of the overall safety and health commitment of the organization. Formal procedures to protect lives, property and the public should be implemented regardless of the size, type and/or operation of the fleet.

At Sovereign, we have long term experience in transportation across many industries and have built strong relationships with companies that manage fleets across the country. We pass this knowledge and experience on to you.

Sovereign Insurance is your partner in resilience. We work with our dedicated partners to provide advice, education, ongoing support, and breakthrough risk solutions to address the ever-evolving, unique needs of Canadian businesses.

Appendix

Commercial fleet checklist

AREAS OF CONCERN Management Leadership	HAVE	NEED	COMMENTS
Written Safety Policy	☐	☐	
Provincial Carrier Profile Reviewed	☐	☐	
Driver Qualification			
Job Analysis	☐	☐	
Recruiting System	☐	☐	
Driver Qualification Files	☐	☐	
Application Form	☐	☐	
Interview (Documented)	☐	☐	
Reference Check (Documented)	☐	☐	
Background Information	☐	☐	
Pre-Hire Road Evaluation	☐	☐	
Written Examination	☐	☐	
Driver Abstract Review	☐	☐	
Physical Qualifications	☐	☐	

AREAS OF CONCERN Management Leadership	HAVE	NEED	COMMENTS
Driver Orientation/Training			
Initial Orientation/Training Program	☐	☐	
Company Rules and Policies	☐	☐	
Equipment Familiarization	☐	☐	
Vehicle Inspection	☐	☐	
Routes and Schedules	☐	☐	
Emergency Procedures	☐	☐	
Accident Reporting	☐	☐	
Defensive Driving Techniques	☐	☐	
Regulations	☐	☐	
Cargo Handling/Securement	☐	☐	
Refresher/Corrective Training	☐	☐	
Driver Supervision			
Vehicle Location Check	☐	☐	
ELD/Driver Log Checks	☐	☐	
Road Observation System	☐	☐	
Incentive Program	☐	☐	
Vehicle Inspection and Maintenance			
Vehicle Specification System	☐	☐	
Preventive Maintenance Program	☐	☐	
Demand Maintenance Program	☐	☐	
Road Repair Plan	☐	☐	
Vehicle Inspection Report	☐	☐	
Maintenance Record System	☐	☐	
Routing and Scheduling			
Trip Planning	☐	☐	
Scheduling of Equipment	☐	☐	
Scheduling of Drivers	☐	☐	

AREAS OF CONCERN Management Leadership	HAVE	NEED	COMMENTS
Accident Recordkeeping, Reporting and Analysis			
Accident Reporting Kit	☐	☐	
Telephone Reporting System	☐	☐	
Accident Register	☐	☐	
Accident Review Committee	☐	☐	
Accident Analysis	☐	☐	
Accident Follow-Up	☐	☐	

Additional Comments

© 2024 The Sovereign General Insurance Company, a member of The Co-operators group of companies. Sovereign® is a registered trademark of The Sovereign General Insurance Company. Not all advertised products may be available in all jurisdictions. For full terms and conditions, including coverage limitations and exclusions, please refer to the policy wording. The Sovereign General Insurance Company is committed to protecting the privacy, confidentiality, accuracy and security of the personal information that we collect, use, retain and disclose in the course of conducting our business. Visit sovereigninsurance.ca or call toll free at 1-800-661-1652 to learn more.