

Risk Insights

Advice for you and your business

Commercial Auto Risk Control Guidelines



Implement and evaluate a **risk control program** for your commercial auto fleet.

The vast majority of goods produced in Canada each year is transported by commercial auto, not common carriers.

Commercial auto is a fleet of vehicles of any size, type and radius of operation owned or leased by an organization in any business other than transportation as their main business activity.

The fleet can be as large as several hundred and as few as one. It can be made up of private passenger vehicles for sales personnel or a fleet of tractor-trailers.

● Risk control program

The key elements of a risk control program for commercial auto is:

- Management leadership
- Driver selection
- Collision record-keeping, reporting and analysis
- Vehicle inspection and maintenance
- Driver training and motivation
- Risk control program audit

Management relies on vehicle operators to supervise their own actions behind the wheel. It's important for your risk control program to emphasize the key elements in writing and in practice.

● Management leadership

A risk control program functions properly when management sets guidelines for fleet operations as they would for main business activities.

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

Develop and implement a **safety policy**, including:

- Management's position on motor vehicle safety
- The organization's approach to controlling vehicle losses
- The authority and accountability of personnel involved in the risk control program

With proper leadership, your organization can reap the benefits of profitable operations, driver safety and overall goodwill.

The vast **majority of goods** produced in Canada each year is **transported by commercial auto**.

Commercial Auto Risk Control Guidelines *(continued)*

● Driver selection

The first step of hiring an employee is performing a **job analysis** to determine the skills required to perform tasks and processes.

If the job position involves driving, incorporate the following criteria into the selection process:

- Confirm that the applicant has a valid driver's licence.
- Verify that the applicant is qualified to operate a specific type of vehicle.
- Evaluate the applicant's knowledge of vehicle operation, safe driving techniques and the rules of the road.
- Request for the applicant's Motor Vehicle Record (MVR) and obtain their consent to collect it annually for as long as their position includes driving.
- Conduct reference checks with the applicant's previous employers and inquire about the applicant's driving experience.

● Collision record-keeping, reporting and analysis

Your goal is to eliminate motor vehicle collisions. It's important to develop a system that reports, records and analyzes facts surrounding vehicular collisions. Management analyzes the details of collisions to implement corrective measures and to prevent recurrences.

Follow your **provincial highway traffic laws and regulations** regarding vehicle maintenance, inspection and record-keeping. Adopt applicable standards into your risk control program.

Equip each vehicle with a **collision report booklet** that includes reporting instructions, phone procedures, a report form and witness information cards. (Ask your Risk Services Consultant for an example.)

Formulate a Collision Review Committee made up of management and drivers, whose purpose is to:

- Evaluate the circumstances surrounding a collision, as well as the action taken by the driver.
- Determine if the collision was "preventable" or "non-preventable" in accordance with standard criteria. A **preventable collision** is any collision involving the vehicle (unless properly parked), resulting in property damage or personal injury, in which the driver failed to do everything they reasonably could to prevent or avoid the collision.
- Provide a means for enforcing management and driver accountability systems.

Create a file containing pertinent information concerning the collision, including:

- A preliminary collision report from the driver
- Copies of the collision report submitted to various agencies (e.g. broker, insurance company, local transport ministry)
- Collision investigation data
- Police reports
- Entry of collision in your organization's collision registry
- Any other information relevant to the evaluation of the collision

● Vehicle inspection and maintenance

Driver files and collision files are important segments of the fleet's record-keeping process. However, this process is not complete without files documenting scheduled vehicle inspection and maintenance. It's also a good idea to maintain a collision registry that records every collision involving a commercial auto vehicle.

Over-the-road vehicle breakdowns are not only costly, but create hazards that can lead to a collision. A vehicle inspection and maintenance policy helps eliminate this negative profile.

Commercial Auto Risk Control Guidelines *(continued)*

● Vehicle inspection and maintenance *(continued)*

Pre-trip and post-trip vehicle inspections enable drivers to spot defects that can lead to trouble on the road. These inspections are usually a requirement under provincial highway traffic laws and regulations.

To eliminate business interruption, be sure to schedule preventive maintenance by a qualified mechanic based on the manufacturer's specifications. Management can review records of maintenance to determine if additional work is necessary, not only for one vehicle but for the entire fleet.

● Driver training and motivation

A successful driver selection process helps you hire drivers with basic knowledge and skills to operate vehicles. While driving may be an integral part of the position, driver training and motivation increases skills and strengthens any gaps, such as knowledge of organization policy, use of equipment and performance procedures.

Driver training and motivation includes:

- Training on the organization's safety policy and basic preventive maintenance
- Periodic instruction on defensive driving
- Incentives for collision-free and violation-free driving performance

Pre-trip and post-trip **vehicle inspections** enable drivers to spot defects that can lead to trouble on the road.

Provide training in both the classroom and the vehicle. Classroom training consists of an initial training in defensive driving concepts. Provide refresher training on a scheduled basis.

Offer interim training in the form of driver safety meetings, where specific safety topics are presented, such as the organization's loss experience and collision trends.

At a minimum, include the following subjects in a basic training curriculum (classroom and in-vehicle):

- Organization policy and procedures
- Equipment familiarization
- Routes and schedules
- Defensive driving techniques
- Applicable government regulations
- Cargo handling and load securement
- Emergency procedures
- Collision reporting
- Familiarization with emergency devices
- Specific, trend-identified exposures

● Risk control program audit

Once you've established the risk control program for your commercial auto fleet, perform a periodic audit to ensure its effectiveness. The audit evaluates each component of the program and determines whether modifications are required.

Include a time frame for management to perform a follow-up investigation. Come up with a reasonable action plan for correcting noted deficiencies.

Commercial Auto Risk Control Guidelines *(continued)*

Your commercial auto risk control program is an integral part of your organization's overall safety and commitment. Implementing formal procedures protects employees, property and the general public regardless of your organization's size and operations.

At Federated Insurance, we're prepared to assist you with developing and enforcing a risk control program that's tailored to your commercial auto fleet.

Federated Insurance

We believe that knowing your business matters. With industry-specific expertise and decades of experience, we can provide valuable insights, consulting and training to help keep your business safe.

- We specialize in your market and work with you directly
- 100% Canadian-owned
- Insuring companies for almost a century
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Commercial Auto Fleet Evaluation

Area of concern	Have	Need	Comments
Management leadership			
Written safety policy			
Driver selection			
Job analysis			
Recruiting system			
Driver qualification files			
Application form			
Interview			
Reference check			
Background information			
Driving test			
Written examination			
Motor Vehicle Record (MVR) review			
Physical qualifications			
Driver training and motivation			
Initial training program			
Rules and policies of the organization			
Equipment familiarization			
Vehicle inspection			
Routes and schedules			
Emergency procedures			
Collision reporting			
Defensive driving techniques			
Regulations			
Cargo handling/securement			
Ongoing training program			

Audit completed by: _____

Job title: _____

Date: _____

Area of concern	Have	Need	Comments
Collision record-keeping, reporting and analysis			
Collision reporting booklet			
Telephone reporting system			
Collision registry			
Collision review committee			
Collision analysis			
Collision follow-up			
Vehicle inspection and maintenance			
Vehicle specification system			
Preventive maintenance program			
Demand maintenance program			
Vehicle inspection report			
Maintenance record system			
Driver supervision			
Vehicle location check			
Trip recorder checks			
Road observation system			
Hours of Service (HOS) logs review			
Incentive program			
Routing and scheduling			
Routing plan			
Scheduling of equipment			
Scheduling of drivers			

Additional comments: _____
