



Liability & Property Pool Workers' Compensation Fund

RISK CONTROL SOLUTIONS

A Service of the Michigan Municipal League Liability and Property Pool and
the Michigan Municipal League Workers' Compensation Fund

REDUCING THE RISK OF MOTOR VEHICLE OPERATIONS: A MANAGEMENT BRIEF

OVERVIEW

Operating motor vehicles is essential to the delivery of most, if not all, municipal services. Driving can account for a considerable amount of an employee's overall daily work schedule and can create a significant potential for loss. Although personal injury and property damage are the most frequent causes of loss, the negligent operation of motor vehicles is one of the few exceptions to governmental immunity. It is an exception that can expose a governmental agency to civil liability and severe monetary losses.

Motor vehicle related incidents also frequently generate hidden costs. These costs, both tangible and intangible, include but are not limited to:

- Lost employee work days,
- Disruption or delays of operations or projects,
- Impaired ability to respond to requests for service,
- Equipment loss, or loss of use,
- Shaken public confidence,
- Reduced employee morale,
- The diversion of funds earmarked for other purposes to pay for motor vehicle related losses,
- Increased insurance premiums.

Besides the routine use of vehicles to deliver services, public safety employees regularly and public works personnel occasionally respond to requests for emergency assistance. Emergency response often requires that employees exceed posted speed limits and disregard traffic control devices. These circumstances dramatically increase the potential severity of incidents related to emergency operation. **Instances of distracted driving (as a result of such activities as texting or other unsafe use of handheld electronic devices) may also occur while employees are operating motor vehicles in the course of normal work duties, and should be addressed in management's policy on motor vehicle operations.** Claims alleging negligent operations are a likely and expected consequence of this activity.

LOSS ANALYSIS

Almost twenty percent of large dollar amount losses that the Pool has incurred are motor vehicle related. Another thirty-five percent come from the types of motor vehicle accidents, such as minor collisions, that occur frequently but are not individually costly. Most of these losses, not surprisingly, are paid by the auto no-fault, auto liability and auto physical damage lines of coverage. However, related losses are also hidden in general liability, property damage and other types of claims.

In addition, a significant percentage of the losses in the Michigan Municipal Worker's Compensation Fund results from employee injuries suffered during motor vehicle accidents.

Although the Fund directly covers many of the expenses these injuries generate, such as medical bills and payments, other expenses, such as overtime costs, are direct out-of-pocket expenditures to the employer.

RISK CONTROL CONSIDERATIONS

We often refer to motor vehicle accidents as *unexpected, undesired, at times even tragic, but unavoidable occurrences*. The truth is, however, that accidents are usually **preventable**.

There will be the occasional incident that involves a so-called act of nature. For example, a tree limb that lightning has struck might fall on a parked vehicle. However, an analysis of the root causes of these types of claims reveals that they, too, are often *preventable*. In our example, a tree inspection program might have prevented the incident that led to the claim. Because we generally can determine fault, Michigan recently changed the official reporting term from “traffic accident” to “traffic crash.” The change indicates that most leading experts in the field now recognize that accidents are preventable.

To have an effective -- and complete -- risk control program, a municipality must deal with the safety and liability exposures inherent to motor vehicle operations. A successful, coordinated program can reduce the potential for severe and unexpected losses. It can also contribute to the Pool and Fund’s continued ability to service its membership efficiently and cost effectively.

A program cannot succeed unless everyone in the organization buys into, acknowledges, and accepts their assigned responsibilities. Every department should participate. Executive management should monitor and coordinate departmental efforts to assure consistency of approach and to prevent a duplication of resources (developed or expended).

Supervisory Considerations

Because they are critical to successfully implementing and monitoring a motor vehicle risk reduction program, managers and supervisors should understand their role and the importance of their individual efforts and actions. They must be able to persuade their subordinates that commitment to and compliance with the program is important. A lack of management commitment can undermine an otherwise effective program.

To assure commitment, you should:

- Empower supervisors, both in policy and practice, to enforce policy directives.
- Articulate your expectations about their responsibilities in the policy. Let them know that:
 - The program’s overall success depends on their ability to manage their employees and their activities.
 - You will hold them accountable.
 - Failing to adequately supervise might result in corrective action. Any action will be consistent with applicable employment and disciplinary policies or collective bargaining agreements.
- Reinforce this message constantly both in training and staff meetings.
- Recognize managers and supervisors who positively impact motor vehicle related losses in their department or area of assigned responsibility. Use:
 - Certificate or plaque presentations,
 - Press releases and local media coverage,
 - Special articles in the municipal or departmental newsletter,
 - An incentive, reward or bonus program,
 - Assignment to the risk control-safety committee.

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SUMMARY

Implementing a comprehensive motor vehicle operations program can reduce the potential for civil liability losses, improve employee safety, and show your good faith effort to manage your risk exposures. However, the program will succeed only if management supports it.

Implementing a program will also positively influence and mitigate your vehicle related loss experience and your overall risk profile. Pool and Fund underwriters and reinsurers occasionally review this profile as one of the determining factors in establishing premium rates. The potential benefits of a well-planned, concerted, and coordinated attack on vehicle related loss exposures far outweighs the expenditure of time, manpower, and monetary resources required to establish and maintain it.

This is one of four **Risk Control Solutions** that address Motor Vehicle Operations. Other titles are:

Developing a Motor Vehicle Operations Policy,
Hiring and Training to Reduce Losses, and
Inspection and Maintenance

If you need assistance as you begin work on this project, contact the MML Risk Management Services Staff or Loss Control Services.



Important Contact Information

MML Risk Management Services	734/662-3246 or 800/653-2483
Loss Control Services	800/482-2726

Note: This document is not intended to be legal advice. It does not identify all the issues surrounding the particular topic. Public agencies are encouraged to review their procedures with an expert or a competent attorney who is knowledgeable about the topic.



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Motor Vehicle Operations Self-Assessment

Operating motor vehicles is essential to providing services to the public. In fact, for many public employees, operating equipment and vehicles takes up a substantial portion of the workday. Not surprisingly, accidents involving vehicles continue to be one of the most frequently experienced losses for many organizations. Losses include employee injuries, damage to vehicles and property, lost work time, and interrupted services. In addition, accidents create liability concerns from alleged negligent operations. It is, therefore, critical that every organization evaluate its motor vehicle procedures and correct identified deficiencies. You can begin your assessment by asking yourself the following questions:

Does your organization:

1. Evaluate the management of its motor vehicle program?

Yes No _____
↓

- Do you:**
- Conduct periodic analysis of vehicular losses?
 - Reduce future injuries by taking precautionary measures?
 - Make sure your supervisors enforce policy directives?
 - Encourage and reward good performance?

2. Properly screen, hire and train its employees?

Yes No _____
↓

- Do you:**
- Have and consistently follow procedures for hiring safe drivers?
 - Do you periodically check the driving records of employees who operate equipment?
 - Do you provide initial and ongoing training to ensure responsible and safe motor vehicle operations?
 - Do you discipline employees who violate vehicular policies?

3. Have a Motor Vehicle Operations Policy?

Yes No _____
↓

- An Operations Policy should:**
- Identify and establish a Risk Control Committee to review accident data and develop programs.
 - Review loss data to determine the cause of incidents.
 - Require the inspection of facilities, equipment, and safety equipment.
 - Establish procedures to hire and educate employees.
 - Establish performance requirements that employees must follow.
 - Set maintenance procedures for equipment.
 - **Address the occurrence of distracted driving and use of handheld electronic devices while driving.**

4. Have a good vehicle inspection and maintenance program?

Yes No



Do you:

- Have a routine vehicle maintenance program?
- Keep extensive maintenance and repair records?
- Train service personnel adequately?
- Require drivers to report damage and repairs needed before using equipment?
- Follow the Uniform Vehicle Code regarding the inspection of vehicles?

Conclusions



If you were able to honestly answer “yes” to all four questions and your organization follows most or all of the suggested practices, then your organization has reduced its exposure to future claims. You should congratulate yourself.



If you were unable to answer “yes” to one or more of the four critical questions, your organization may have a greater exposure to claims arising from the operation of motor vehicles. Missing components of one or more of the recommended practices may also indicate a deficiency in your current program. You should take one or more of the following actions:

- Correct any deficiency that may exist;
- Contact MML Risk Management Services at 800/653-2483; or
- Contact the League’s Loss Control Services at 800/482-2726.

To obtain more information regarding this topic, request copies of the following Risk Control Solutions documents from the League’s Loss Control Services:

- ✓ ***Reducing the Risk of Motor Vehicle Operations -- Developing a Motor Vehicle Policy***
- ✓ ***Reducing the Risk of Motor Vehicle Operations -- Hiring and Training to Reduce Losses***
- ✓ ***Reducing the Risk of Motor Vehicle Operations -- Motor Vehicle Inspection & Maintenance***

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