



# Liability & Property Pool Workers' Compensation Fund

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## RISK CONTROL SOLUTIONS

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

### VEHICLE OPERATIONS – REDUCING THE RISK

#### A MANAGEMENT BRIEF

##### INTRODUCTION

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 daily work schedule and represents 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. This exception can expose a governmental agency to civil liability and severe monetary losses.

Motor vehicle-related incidents generate hidden costs, both tangible and intangible. These 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 budgeted for other purposes to pay for motor vehicle-related losses instead,
- Increased insurance premiums.

An organization's motor vehicle risk management program can only succeed if 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 ensure consistency and prevent resource duplication.

##### LOSS ANALYSIS

The Pool has incurred significant dollar amount losses due to motor vehicle-related claims. Incidents range from minor vehicle accidents to catastrophic crashes involving severe and permanent injuries and major property damage. Most losses are paid under the auto no-fault, auto liability, and auto physical damage lines of coverage, as expected and readily apparent. However, related losses are also "hidden" in claims paid under general liability, property damage, or other lines of coverage.

In addition, a significant percentage of losses incurred by the Michigan Municipal League Workers' Compensation Fund are the result of employee injuries suffered during motor vehicle incidents. Although the Fund directly covers many expenses such as medical bills, other costs, such as overtime, are direct out-of-pocket expenditures by the employer.

A successful, coordinated program can reduce potential severe losses for the governmental agency. It can also contribute to the Pool and Fund's continued ability to service its membership efficiently and cost-effectively.

## RISK CONTROL CONSIDERATIONS

We often refer to motor vehicle accidents as *unexpected, unpredictable* and *out of the blue*, and think of them as being unavoidable. 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, lightning 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 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.

Municipal policies on motor vehicle operations must address both routine driving and emergency vehicle operations. Emergency response may require public safety employees to exceed posted speed limits and disregard traffic control devices – circumstances which dramatically increase the potential frequency and severity of incidents.

Policies must also address distracted driving due to activities such as texting or other unsafe use of handheld electronic devices – another leading cause of incidents while operating motor vehicles.

## SUPERVISORY CONSIDERATIONS

Because they are critical to successfully implementing and monitoring a motor vehicle risk reduction program, managers and supervisors must understand their role and the importance of their words and actions. They must persuade their subordinates that commitment to and compliance with the program is essential. A lack of management commitment can undermine an otherwise sound 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 its ability to manage its employees and activities.

- You will hold them accountable.
- Failing to supervise adequately 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 losses in their department or area of assigned responsibility. Use:
  - Certificate or plaque presentations,
  - Press releases and local media coverage,
  - Articles in the municipal or departmental newsletter,
  - An incentive, reward, or bonus program,
  - Assignment to the risk control-safety committee.

## **SUMMARY**

Implementing a comprehensive motor vehicle operations program can reduce the potential for civil liability losses, improve employee safety, and show good faith in managing your risk exposures. However, the program will succeed only if management supports it and everyone in the organization understands and accepts their roles and responsibilities.

Implementing a program will also positively influence and mitigate your vehicle-related loss experience and 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 establishing and maintaining a well-planned, concerted, and coordinated approach to vehicle-related loss exposures far outweigh the expenditure of time, staffing, and monetary resources required.

This Risk Control Solution is one of a 4-part series that addresses ways to reduce the risks of municipal vehicle operations. The entire set consists of:

### *Vehicle Operations – Reducing the Risks*

- *Vehicle Operations – A Management Brief*
- *Vehicle Operations – Developing a Vehicle Operations Policy*
- *Vehicle Operations – Hiring and Training*
- *Vehicle Operations – Vehicle Inspections & Maintenance*

This series is available online at: <https://mml.org/programs-services/risk-management/risk-management-resources/risk-control-solutions/>

***Contact MML Risk Management Services Staff/  
or your Loss Control Consultant for more information.***



**Important Phone Numbers**

MML Risk Management Services	734.662.3246 or 800.653.2483
Loss Control Services	800.482.0626

**Note:**

***This document is not intended to be legal advice.  
It only identifies some of the issues surrounding this topic.  
Public agencies are encouraged to review their procedures with an expert  
or a competent attorney who is knowledgeable about the subject.***



**SELF ASSESSMENT: VEHICLE OPERATIONS**

Operating motor vehicles is essential to providing services to the public. Vehicle accidents 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 organizations evaluate their motor vehicle procedures and identify deficiencies. You can begin your assessment by asking yourself the questions below.

Organization Name

Completed by

Date

**Does Your Organization:**

(A response of "No" may require further analysis and/or an action plan for correction.)

Yes	No	
		<b>1. Evaluate management of its motor vehicle program? Do you:</b>
<input type="checkbox"/>	<input type="checkbox"/>	Conduct periodic analysis of vehicular losses?
<input type="checkbox"/>	<input type="checkbox"/>	Reduce future injuries by taking precautionary measures?
<input type="checkbox"/>	<input type="checkbox"/>	Make sure your supervisors enforce policy directives?
<input type="checkbox"/>	<input type="checkbox"/>	Encourage and reward good performance?
		<b>2. Properly screen, hire, and train employees? Do you:</b>
<input type="checkbox"/>	<input type="checkbox"/>	Have and consistently follow procedures for hiring safe drivers?
<input type="checkbox"/>	<input type="checkbox"/>	Periodically check the driving records of employees who operate equipment?
<input type="checkbox"/>	<input type="checkbox"/>	Provide initial and ongoing training to ensure responsible and safe motor vehicle operations?
<input type="checkbox"/>	<input type="checkbox"/>	Discipline employees who violate vehicular policies?
		<b>3. Have a Motor Vehicle Operations Policy that includes the following:</b>
<input type="checkbox"/>	<input type="checkbox"/>	A Risk Control Committee to review accident data and develop programs?
<input type="checkbox"/>	<input type="checkbox"/>	Review of loss data to determine the cause of incidents?
<input type="checkbox"/>	<input type="checkbox"/>	Require and establish procedures to conduct immediate investigations of incidents?
<input type="checkbox"/>	<input type="checkbox"/>	Require the inspection of facilities, equipment, and safety equipment at regular intervals?
<input type="checkbox"/>	<input type="checkbox"/>	Establish procedures to hire and educate employees?
<input type="checkbox"/>	<input type="checkbox"/>	Establish performance requirements that employees must follow?
<input type="checkbox"/>	<input type="checkbox"/>	Set maintenance procedures for equipment?
		<b>4. Have a good vehicle inspection program? Do you:</b>
<input type="checkbox"/>	<input type="checkbox"/>	Follow the Uniform Vehicle Code regarding the inspection of vehicles?
<input type="checkbox"/>	<input type="checkbox"/>	Require drivers to report damage and repairs needed before using equipment?
<input type="checkbox"/>	<input type="checkbox"/>	Have a routine vehicle maintenance program?
<input type="checkbox"/>	<input type="checkbox"/>	Keep extensive maintenance and repair records?
<input type="checkbox"/>	<input type="checkbox"/>	Train service personnel adequately?

## CONCLUSIONS




If you can honestly answer “yes” to all applicable questions, your risk management program for vehicle operations is on solid footing – congratulations! Following the recommended practices reduces your organization’s exposure to future claims in this area. Remain vigilant for new or changing risks and address them promptly.



If you answered “no” to one or more questions, your organization faces increased exposure to motor vehicle-related claims and the associated direct and indirect costs. Each “no” response indicates a possible deficiency in your risk management program. You should consider these carefully and take one or more of the actions below:

- Correct any deficiency that may exist;
- Contact your attorney for advice;
- Contact MML Risk Management Services at the numbers below;
- Contact MML Loss Control Services at the number below.

***Contact MML Risk Management Services Staff/  
or your Loss Control Consultant for more information.***

 <b>Important Phone Numbers</b>	
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