Driver Performance Solutions from CNA
Manage your commercial auto risk by driving the desired behaviors

Driver behavior affects your commercial auto fleet’s performance — and your bottom line — every trip, every day. However, not every business gives this critical safety topic the attention it deserves, and that can lead to costly liability claims.

Identifying a costly trend

According to the ANSI/ASSE Z15, Safe Practices for Motor Vehicle Operations, defensive driving is, “driving to save lives, time, and money, in spite of the conditions around you and the actions of others”. But controlling your liability in today’s marketplace requires more than just mastering the rules of the road. Commercial auto exposures, including both vehicle and driver performance, are your responsibility, as well as that of your employees and anyone who helps achieve your business goals. What’s more, the dynamic nature of these exposures necessitates constant evaluation.

By understanding how auto exposures affect your bottom line, and how desired driving behaviors can help you manage your commercial auto fleet risk, you can position your business for greater success. And CNA is here to help.

The CNA approach

Even though you may view commercial auto exposure as “incidental” to your business, at CNA we understand that liability is inherent whenever drivers are critical to your operations. That’s why we developed this three-step strategy to make it easier to identify and manage your risks. By focusing your resources on three primary areas, your company can optimize driver performance, minimize accidents and reduce the likelihood of third-party claims, all while focusing on what’s important to your business — maintaining the bottom line.

CNA data shows that customers who employ drivers with serious moving violations perform more than 20 points worse in loss ratio results than customers whose employees have clean driving records. While the loss ratio includes CNA costs for property damage and bodily injuries, what this means for your company is potentially facing more than four times that amount in indirect costs from business interruptions, such as lost productivity or administrative costs.

1 Losses occurring within a fixed period, whether or not adjusted or paid during the same period, after reinsurance transactions. Source: SNL Financial LLC.
2 National Safety Council’s Defensive Driving Course
Build an effective Motor Vehicle Record program

Do you have a screening plan for prospective applicants that also provides actionable performance data for evaluating employees? Ensuring safe driver performance starts with a Motor Vehicle Record (MVR) program that outlines hiring criteria and clearly communicates your company’s performance expectations and consequences. By successfully implementing or updating your program, you can help ensure your company has reliable, skilled employees who are familiar with their vehicles and qualified to operate your equipment.

Obtain Motor Vehicle Records (MVRs)

In order to verify the applicant’s driving history, Motor Vehicle Record (MVR) reports should be obtained for drivers of company-owned vehicles, as well as employees who rent or use their own vehicle on company business. Companies with vehicles regulated by the Department of Transportation (DOT) are required to obtain MVRs annually for drivers of those vehicles, and they should also be reviewed on an annual basis. Employers using MVRs must be mindful of the statutes and regulations that govern their use: the Fair Credit Reporting Act (FCRA), the Driver’s Privacy Protection Act (DPPA), as well as individual state statutes and regulations. For example, under FCRA, employers are required to obtain written consent from prospective or current employees before ordering their MVRs.

Minimize your risk with driver safety solutions

Ensuring safe driver performance includes a driver monitoring program based on MVRs, a key component of CNA’s three-point strategy for commercial auto risk management. By successfully implementing or updating your program, you can help ensure your company has reliable, skilled employees who are familiar with their vehicles and qualified to operate your equipment.

Through our Allied Vendor Program, CNA works with SambaSafety to assist you in implementing these critical safety programs. SambaSafety is the industry-leading provider of cloud-based driver risk management solutions that can help you manage your exposures. Their innovative driver risk platform continuously monitors drivers to deliver a comprehensive view of driver behavior and performance.

Put it all in writing

Establish written criteria for licenses, MVRs and driving behaviors for employees. These qualifications should be included in job descriptions as well as new hire postings to indicate that a current license, driver performance history and/or vehicle class certifications are essential to a particular job. Prepare and enforce written work rules for vehicle operations. Inconsistent application of work rules can lead to allegations of wrongful termination and/or discrimination. For example, if two employees violate a rule regarding motor vehicle operation, but only one is disciplined, the employee who is disciplined may allege that he/she was disciplined because of his/her protected class, such as age, race, gender and/or disability, and not because he/she violated the rule.

Steer clear of candidates with poor driving experiences

<table>
<thead>
<tr>
<th>IF A DRIVER HAD:</th>
<th>INCREASED RISK OF CRASH:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A past crash</td>
<td>88%</td>
</tr>
<tr>
<td>An improper passing violation</td>
<td>88%</td>
</tr>
<tr>
<td>An improper turn conviction</td>
<td>84%</td>
</tr>
<tr>
<td>An improper or erratic lane change conviction</td>
<td>80%</td>
</tr>
<tr>
<td>An improper lane/location conviction</td>
<td>68%</td>
</tr>
<tr>
<td>A failure to obey traffic sign conviction</td>
<td>68%</td>
</tr>
<tr>
<td>A speeding more than 15 miles over speed limit conviction</td>
<td>67%</td>
</tr>
<tr>
<td>Any conviction</td>
<td>65%</td>
</tr>
<tr>
<td>A reckless/careless/inattentive/negligent driving conviction</td>
<td>64%</td>
</tr>
</tbody>
</table>

Follow recommended MVR guidelines

Whether MVRs are obtained by an employer or a third party, managing the driver selection and ongoing qualification process is the employer’s responsibility. There is a broad range of driving violations that CNA classifies into two major categories, “A” and “B”, based on severity level that can be adopted as objective criteria.

MVR violation type examples

Type A violations:
- Driving under influence of alcohol or drugs
- Reckless driving
- Speeding (in excess of 14 mph over posted limit)
- Hit and run
- Driving with suspended or revoked license

Type B violations:
- Speeding 1–14 mph over posted limit
- Improper lane change
- Failure to obey traffic signal or sign
- Having a license suspended in past related to moving violations

CNA best practices

- Anyone with a Type A driving violation in the last five years is undesirable.
- Anyone with three or more Type B violations or two or more at-fault accidents in a three-year period is undesirable.
- Anyone with two moving Type B driving violations or one driving accident in a three-year period will be put on warning from a company monitoring standpoint. MVRs are required to be ordered more frequently.

Find top talent with help from the CNA Account Driver Profile Tool

Based on proprietary CNA underwriting driver performance data, the CNA Account Driver Profile Tool provides you with a snapshot of driver performance, which can then lead to quality benchmarking and improvement programs of driver performance. Through this exclusive assessment, CNA Risk Control consultants can advise and assist you in managing the effectiveness of driver selection.

It works by categorizing your driver’s violations into two standards of quality, A and B, based on their MVR history. Using driver statistics in each category, a standardized profile is created to indicate driver quality, where new driver selection controls should be placed and how new driver monitoring programs might help improve current employees’ driver performance.

An improved account driver profile can directly impact your company’s premium and therefore your bottom-line.

While individual employee MVR information obtained by CNA for underwriting purposes cannot be shared with an employer due to FCRA restrictions, the CNA Account Driver Profile Tool can assist in validating the effectiveness of your driver selection program.

In the example from 2012, the high risk profile would indicate improvement is necessary. In 2013 the Driver Selection controls were improved, and the profile is now at a moderate risk rating from following the steps for establishing an MVR program. By utilizing the MVR criteria in the CNA Account Driver Profile Tool annually, your company can consistently review the evolving behaviors of drivers to maintain an effective driver performance program and to manage your auto liability exposure to loss.

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Example of driver profile benchmarking results

<table>
<thead>
<tr>
<th>Policy Year</th>
<th>Total Drivers</th>
<th>Drivers with Type A</th>
<th>Drivers with Type A %</th>
<th>Drivers with Type B</th>
<th>Drivers with Type B %</th>
<th>Drivers without A/B violations</th>
<th>Drivers without A/B violations %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>100</td>
<td>15</td>
<td>15%</td>
<td>27</td>
<td>27%</td>
<td>58</td>
<td>58%</td>
</tr>
<tr>
<td>2013</td>
<td>120</td>
<td>6</td>
<td>5%</td>
<td>12</td>
<td>10%</td>
<td>102</td>
<td>85%</td>
</tr>
</tbody>
</table>

- **Low Risk**
  - Type A: 0%
  - Type B: ≤10%

- **Moderate Risk**
  - Type A: ≤5%
  - Type B: >10% - ≤20%

- **High Risk**
  - Type A: >5%
  - Type B: >20%

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4 For illustrative purposes only.
Monitor your drivers

You’ve screened, hired and trained a new class of drivers. Now it’s time to keep your eyes on the people behind the wheel. According to a 2013 survey by Cogosense across a variety of industries, employee distracted driving remains an important topic due to high-profile crashes, jury verdicts against employers and a changing regulatory environment. This survey states that 71 percent of employers have already adopted distracted driving policies to manage mobile device usage. Of the 29 percent of companies without a policy, 52 percent plan to adopt one, and more than half of these companies expect to have it in place within the next 12 months. There are many strategies you can employ to help manage driver behavior and get a firm grip on your auto liability risk.

Limit driver distractions

Distracted driving poses significant risk to every business that has employees who drive both company-owned and personal vehicles for company business. Common activities that divert attention from the road include texting, most mobile phone use, eating/drinking, reaching for an object, talking with a passenger or reading navigation systems. According to the National Safety Council, 26 percent of all vehicle crashes involve mobile phone use — including hands-free.

Traditional methods to reduce distractions outside and within the vehicle include driver training and restrictive policies by employers. Recently, mobile phone blocking technology has emerged and, where permitted, may be a means to enforce phone utilization policies for drivers. As more states have banned mobile phone use while driving, these phone software technologies have increased in popularity.

It’s important to understand the regulations for each state in which you operate. Updated information on current state laws can be found at government websites such as www.distraction.gov. CNA Risk Control also offers programs, such as cell phone policy kits through the National Safety Council, that provide training, learning materials and example policies for limiting mobile phone use risks.

Minimize your risk with telematics solutions

Improving driver behavior is one of the easiest ways to reduce your company’s risk for a vehicular accident. Telematics software, the use of a device that merges telecommunications and wireless data, can help you manage and improve driver behavior in real time.

Through our Allied Vendor Program, CNA works with companies like Driver’s Alert and Cogosense to assist you in implementing these critical safety programs.

Driver’s Alert monitors driver behavior with instantaneous feedback in major categories, such as acceleration, braking, cornering and speed. An in-vehicle device can immediately transform the driving culture and deliver results on the road while drivers are actually driving.

FleetSafer®, from Cogosense, is a software for smart phones and tablets that detects when an automobile is in a driving state and automatically puts the connected device in safe mode. While in safe mode, a curtain screen blocks access to the keyboard and all notifications/alerts for incoming calls, texts and emails are silenced.

As telematics solutions continue to advance, it’s important to stay on top of emerging technologies, as well as regulatory requirements. Some major upcoming players in the commercial auto telematics space include trip recorders, collision warning systems and fatigue detectors.

RISK CONTROL

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Understand your coverages, risks and exposures

Whether you operate a large fleet or manage a small group of vehicles, commercial auto operations present a wide range of exposures. You need an experienced insurance carrier to help you manage your unique risks. At CNA, we understand the challenges your employees face on the road. Our underwriting and risk control professionals offer tailored, industry-specific coverages and provide you with the tools and resources you need to better understand and address your exposures.

You hold the keys to better risk management

Consider your auto exposures on a daily basis. When not managed properly, your loss potential increases and your defensibility decreases. There are three variations of property and liability risks associated with your vehicle, depending on whether the automobile is owned or hired.

- **Owned vehicles** — Vehicles owned by the company with the title in the company’s name. Typically companies that have cars, trucks or vans for frequent deliveries, such as retailers, or for services/sales, such as construction contractors, are owned.
- **Hired vehicles** — Vehicles rented by employees of the company and used in the course of conducting company business. Hired vehicles are typically associated with “out of town” related business (see CNA Rental Car Safe Practices Client Bulletin). These vehicles have constant exposure.
- **Non-owned vehicles** — An employee’s personal vehicle used for conducting company business. Typical examples include sales people making visits, administrators running office errands and employees traveling to offsite business meetings.

How to determine your H/NOA exposure

Almost every business entity has a hired/non-owned auto (H/NOA) exposure risk. This could be as simple as an employee making a daily trip to the office supply store or an outside salesperson making client visits. It is important to recognize any H/NOA exposures your company may have as well as the extent of the exposures. A company should undergo a proper assessment in order to create an effective policy/procedure for identifying H/NOA exposures. To determine the level of risk, a company should assess:

- How many staff members are exposed to H/NOA risks?
  - Sales
  - Service
  - Office support (mail, bank, supplies, etc.)
  - Training
- How many vehicles are included in the H/NOA exposure?
- What is the travel radius of the operators of H/NOA?
- What is the frequency of employee vehicle rentals for company business (days/month)?

Answering these questions will help you better understand your H/NOA exposure. Once quantified, you can work with your CNA Risk Control consultant to determine the actions necessary to keep it under control.

Commercial auto coverage

CNA’s Commercial Auto insurance provides coverage for bodily injury and property damage caused by owned, hired and non-owned vehicles used for the business. In addition to our general auto coverages, we offer optional endorsements such as our Drive Other Car coverage for executive officers.

Is your rental car coverage enough?

If your drivers frequently utilize rental car services, you should consider implementing a car rental policy with property and liability insurance coverage in the corporate primary rental agreement with that rental car company. You may also want to institute a travel policy that requires employees to accept primary insurance coverage. Adoption of these measures can help to transfer the risk of even minor damage or theft, and minimize the impact of a rental car claim.
Additional resources

CNA provides a broad array of resources to help you develop and maintain a successful driver performance program. Your independent agent or CNA Risk Control consultant can help you determine which resources are best suited for your company's needs.

Your SORCE® for driver education

CNA’s School of Risk Control Excellence (SORCE®) program offers a range of complimentary, one-hour courses designed to address a range of driver and fleet exposures. These include:

• Avoiding rear-end collisions
• DOT regulations
• Driver distractions, fatigue and selection
• Negligent entrustment
• Parking lot awareness
• Road rage

SORCE® On Demand provides instant access to courses based on proven adult-learning principles and the latest regulatory requirements. They address concerns such as accident investigation, distracted driving and van safety.

UL Recognized Risk Engineers (UL RRE)

Unique among carriers, only CNA offers you the experience of UL Recognized Risk Engineers, individuals with knowledge in assessing and managing hazards and risks, who have been classified by UL, a world leader in advancing safety.

Driver and fleet management tools

Our tools, such as technical bulletins, guides and the CNA Account Driver Profile Tool, can assist you in controlling your driver and vehicle exposures by providing the critical elements of safety programs.

Allied vendors

Through our Allied Vendor program, we identify companies whose services are outside of an insurance carrier's capabilities but whose technologies can help mitigate costly exposures. These vendors, such as SambaSafety, Driver's Alert and Cogosense, are available through your CNA Risk Control consultant.

Effective and supportive claim handling

Our claim philosophy is simple — handle claims quickly, fairly and accurately. We strive to be the industry’s best claim organization and, according to our clients, we are on the right track. Our customer survey results reflect our clients’ satisfaction with our claim services. Our professionals are here to support your clients whenever they need us — across the country and around the clock.
To learn more about how CNA can help your company maintain business income while reducing commercial auto exposures, call 866-262-0540 or visit www.cna.com.