

Vehicle Loss Control Program – Best Practice Guidelines

This document has been prepared to provide County of Los Angeles (County) departments an overview of best practices relating to vehicle loss control. Many of these guidelines may already be in place in a given department. As with all best practice guidelines, the information contained is intended to improve risk management programs within a department.

Executive Summary

The financial exposure for the County for losses arising out of the use of County-owned and privately-owned vehicles is large. In Fiscal Year 2006-07, there were 870 vehicle liability claims and over \$10 million in vehicle liability expenses paid. It is difficult to estimate the property damage costs as these are not tracked on a centralized basis.

Approximately 1,000 commercial drivers are employed by the County. The number of Mileage Permittees and occasional drivers has not been determined. At times, non-County employees are allowed to drive County-owned vehicles.

Allowing County employees to operate vehicles in the course and scope of their employment is necessary for the County to provide services to the public. However, there are ways to reduce the County's liability exposure by implementing some best practice measures.

A vehicle loss control program includes four fundamental elements:

- Management Commitment
- Policies and Procedures
- Budgeting
- Insurance and Claim Handling
- Loss Analysis

The final part of these guidelines addresses the following:

- Current County of Los Angeles Practices
- Recommendations
- Additional Assistance

MANAGEMENT COMMITMENT

Management commitment is an integral part of the success of a departmental vehicle loss control program and establishes the culture for departmental employees. A sincere commitment by management and consistency in enforcement of policies and procedures sets the foundation for an effective program.

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Management commitment can be demonstrated by:

- developing a management policy statement emphasizing the importance of the program;
- allocating resources (staff and budget) to create a culture of safety;
- establishing policies that maintain a positive attitude toward the program; and,
- encouraging employee participation and involvement at all levels of the department.

POLICIES AND PROCEDURES

Well-defined, comprehensive and enforceable policies and procedures involving vehicle loss control must be developed. It is necessary to communicate the policies and procedures to all employees and assure the policies are readily available to employees. The policies can be posted at workplaces, distributed periodically, and regularly discussed. Incentives for complying with policies and procedures can be developed. The following policies and procedures should be developed and implemented by every County department when driving is required for County business:

- Driver Selection and Screening
 - Pre-Hire
 - New Hires
 - Existing Employees
 - Employer Pull Notice Program
- Driver Training
 - Initial Training
 - Refresher Training
- Vehicle Selection, Inspection and Maintenance
 - Selection
 - Inspection
 - Maintenance
- Vehicle Use and Safe Practices
 - Use of County-Owned Vehicles
 - Use of Personal Vehicles on County Business
 - Safe Practices
 - Supervision and Behavioral Monitoring of Drivers
- Post-Accident Procedures
 - Reporting
 - Investigation
 - Vehicle Accident Review Committee
- Disciplinary Action

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Driver Selection and Screening

Pre-Hire

When evaluating and selecting an applicant for employment involving driving, the following selection standards need to be considered and uniformly enforced:

- Interview applicants and address their background and skills as related to driving performance;
- Review past driving performance and work experience through previous employer reference checks;
- Compare applicant's driving record using a current motor vehicle report (MVR) with hiring standards for the number of acceptable accidents and the number of moving violations;
- Verify the applicant's driver license is current and appropriate for the type of vehicle applicant will be required to drive;
- Ensure a medical examination is completed if warranted or required by law (ability to drive can be evaluated through the pre-placement medical examination process coordinated through the Chief Executive Office (CEO); medical examinations are mandatory as part of licensing requirements for commercial license holders); and,
- Conduct a written examination to test the applicant's knowledge of traffic regulations or Department of Transportation (DOT) regulations and driving attitudes.

With the applicant's written permission, a current MVR should be obtained from the local Department of Motor Vehicles (DMV) or a private company that provides MVR reports. Job applicants can provide an MVR report if it is the original and is current within 15 days. Review of the MVR should be reserved for final candidates. To ensure consistency regarding MVR reviews, unacceptable driving history must be defined. Examples of unacceptable driving history within the past 36 months that could disqualify an applicant from consideration include:

- More than two (2) moving violations;
- More than two(2) at-fault vehicle accidents;
- Driving a motor vehicle while under the influence of alcohol or a controlled substance;
- License suspension, restriction or revocation;
- Operating a vehicle during a period of suspension or revocation;
- Refusal to undergo testing for alcohol or a controlled substance as required by any state or local jurisdiction when suspected of driving under the influence;
- Leaving the scene of an accident;
- Using a motor vehicle for commission of a felony;
- Reckless driving; and/or,
- Negligent homicide arising out of the use of a motor vehicle.

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New Hires

Once hired, additional screening may have to be done to ensure new employees are competent to drive the vehicle(s) assigned to them. This is especially important if they are driving an assigned County vehicle which they are not familiar with.

As part of the new employee orientation, the department's vehicle loss control policies, procedures and standards should be explained in detail. Vehicle inspection and maintenance, emergency procedures, accident reporting, and the expectations and penalties involved with driving for the County should be explained. Compliance with all traffic regulations should be stressed. At the conclusion of the orientation, employees should sign an acknowledgement that they have received and understand the information presented.

Verification of knowledge and skills can be assessed through a brief written examination testing defensive driving skills and DMV regulatory knowledge, and an on-the-road evaluation in the type of vehicle the employee would be driving. The examination score and any on-the-road observations that might lead to the conclusion that additional training is necessary should be recorded. Refresher or vehicle-specific training should be conducted by an experienced driver trainer in the department or by a vendor with specific knowledge of the vehicles involved.

Existing Employees

Once an employee has been authorized to drive, a system should be in place to encourage and reinforce proper driving behavior, as well as assess drivers' on-going performance. An effective program includes several key elements:

- *Performance Analysis:* An analysis should be conducted to assess each employee's performance in adhering to safe driving behavior. A valuable method to determine effectiveness of safe driving behavior is by tabulating the number of avoidable accidents, total accidents, and moving violations accrued by the employee while driving. These figures can then be compared against established department standards to gauge how each employee is performing while operating vehicles.
- *Review of Records:* A thorough review of driving records should be periodically conducted. The frequency of these reviews should be based on metrics that reflect specific exposure to road-related risks, such as percentage of time spent driving, total hours driving in a certain period of time, etc.
- *Observation and Documentation:* Periodic on-the-road observations should be conducted to evaluate driver skills. These observations should be conducted by designated staff trained to conduct this type of real-time evaluation, and an account of their observations should be noted on a documentation form.

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Employer Pull Notice Program

- The DMV Government Employer Pull Notice (EPN) program is one option for monitoring driver's license status. The program provides updates on enrolled drivers' motor vehicle records whenever there is a change in the motor vehicle record, including moving violations, driving under the influence, revocation of license, and any other changes.

Driver Training

Initial Training

A high priority should be assigned to ensuring that all newly hired and transferred employees receive the initial departmental training of policies and procedures pertaining to vehicle loss control prior to driving. Other training of equal importance is ongoing refresher training on defensive driving for all drivers at regular intervals, remedial training for drivers with substandard performance, and specialized training for drivers operating atypical vehicles or those encountering special hazards.

The initial training should also include:

- Applicable local, state, and federal driving rules and regulations;
- Defensive driving techniques for avoiding accidents;
- Accident reporting requirements;
- Emergency procedures;
- Vehicle inspections and maintenance;
- Use of safety devices of vehicle;
- Disciplinary procedures; and,
- Safe driving recognition and incentive program.

Refresher Training

Refresher training should cover common driver errors regarding speeding, intersections, improper lane use, backing, turning, passing and signaling, following distance, stopping, parking and distracted driving. Remedial training should be required as a result of accident investigation findings and recommendations, traffic violations or accident history, or observation of unsafe driving behavior. Training, which is available through a number of sources, may involve classroom instruction, behind-the-wheel training, and web-based, desktop and driver simulation training.

Classroom instruction is recommended for learning traffic rules and regulations, hazards encountered by drivers, and procedures followed after an accident occurs. Behind-the-wheel training is ideal for remedial training of drivers who have been involved in accidents because it allows the driver to experience the same types of situations found during the course of both normal and emergency driving situations. Web-based training and simulation training is interactive and employees can train at their own pace allowing flexibility to train when it is convenient for them.

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Ongoing communication as reminders of safe driving may include newsletters, booklets, emails, DVDs, videos, and web-based information via the County department intranet.

It is important for management to clearly specify the type of training required, who should attend, and how often the training is required.

Vehicle Selection, Inspection and Maintenance

Selecting, inspecting, and properly maintaining vehicles are important parts of preventing accidents and related losses.

Selection

Each department should review and consider the safety features of all vehicles to be considered for use. Crash test ratings and other important vehicle safety information may be found by using a variety of no cost or subscription resources. For a no cost website, refer to www.safercar.gov. *Consumer Reports* provides a subscription service for similar purposes at www.consumerreports.org.

Inspection

Drivers should inspect vehicles prior to using the vehicle. Inspection requirements for commercial vehicles are specified by the DOT.

Maintenance

Vehicles should be on a routine preventive maintenance schedule for servicing and checking of safety-related equipment consistent with the manufacturer's recommendations. Vehicle maintenance programs are provided through contracts with Internal Services Department, private dealers, or contracted vendors. A mechanic should do a thorough inspection of each vehicle annually with documented results placed in the vehicle's file.

Personal vehicles used for County business are generally the responsibility of the employee. However, personal vehicles used on County business should be maintained in a manner that provides the employee with maximum safety.

Vehicles are removed from service dependent on a variety of criteria, e.g., vehicle mileage, years driven, extent of damage as a result of an accident, etc. Departments should contact Internal Services Department (ISD) or refer to the ISD *Los Angeles County Surplus Property Disposal Handbook* regarding the appropriate procedures to follow when disposing of a vehicle.

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Vehicle Use and Safe Practices

Departments should develop written policies for employees to follow when required to operate vehicles on County business. The policies should include:

- Use of County-Owned Vehicles
- Use of Personal Vehicles on County Business
- Safe Practices
- Supervision and Behavior Monitoring of Drivers

Use of County-Owned Vehicles

Departments should establish criteria for assigning and tracking all County-owned vehicles. A policy regarding the use of County-owned vehicles should include:

- Garaging locations and restrictions;
- Work schedule for employees with assigned County-owned vehicles;
- County-owned vehicle mileage log; and,
- Driving County-owned vehicles outside the County.

Use of Personal Vehicles on County Business

A written policy should be in place for County employees who are required to provide a private vehicle to conduct County business. This policy should require the private vehicle to be maintained in good repair. Restrictions should be in place regarding the type of vehicle used, such as for motorcycles and campers, and prohibition of private vehicle repairs on County property.

Safe Practices

- *Seat Belt Use:* All drivers and passengers should be required to use seat belts while driving or riding during County business. Children under six years of age or under 60-pounds in weight must be secured in an approved child safety seat.
- *Impaired Driving and Use of Prescribed and Non-prescribed Medication:* Driving under the influence of alcohol and/or any prescribed or non-prescribed medication that may impair driving performance must be prohibited. For commercial driver license holders (all class A or B drivers), the DOT requires drug and alcohol testing (upon hire, random, and post-accident).
- *Cellular Telephones Use and Other Distractions While Driving:* Drivers should refrain from using cellular telephones, eating, drinking, changing CDs, playing with the radio, putting on make-up, using laptop computers, brushing hair, taking notes or reading while driving. For cellular telephone use, management should consider prohibiting outgoing calls while driving unless voice recognition is available. Drivers

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should be encouraged to pull over before answering incoming calls of cellular telephones when hands free devices are not available.

- *Vehicle Emergency Kits and Equipment:* Each vehicle driven for County business should be equipped with a first aid kit, emergency signaling device and a fire extinguisher. Drivers should be trained in the proper use of all equipment.

Supervision and Behavior Monitoring of Drivers

Management is responsible for reinforcing safe driving behavior and discouraging or disciplining unsafe behavior. Unlike other work tasks or settings, management's ability to control working conditions and to exert direct supervisory controls on drivers is limited because drivers are out of the range of direct managerial observation. To compensate for this lack of direct supervisory control, vehicles can be equipped with driver performance monitoring devices to record average speed, maximum speed, and other information. Behavior can also be monitored by the use of a "How Am I Driving?" program. Another alternative to performance monitoring is having supervisors conduct road observations of drivers, which may include an observation of vehicle inspection, vehicle operation and the driver's safety attitude. It is necessary to document and counsel drivers concerning problems or deficiencies that were observed and to require remedial training as soon as possible after the observation or notification of unsafe driving behavior.

Post-Accident Procedures

Reporting

All employees involved in a vehicle accident, whether in a County or non-County owned vehicle, are to comply with the departmental and regulating authority's reporting requirements.

Investigation

Each department is responsible for determining the facts of the accident, identifying the cause, and making appropriate recommendations for preventability of any future event. Factors to be evaluated during the investigation process should include driver-related causes (driver distraction, vision or other impairment) and vehicle-related causes (equipment failure, impact from another vehicle, or weather-related conditions). If a claim is expected to have an indemnity settlement greater than \$20,000, then a Summary Corrective Action Plan (additional details on this program can be obtained from CEO Risk Management) should be considered.

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Vehicle Accident Review Committee

Departments should consider developing and maintaining vehicle accident reporting committees comprised of management and employees. These committees are useful to review the accident investigation results, determine preventability, and determine corrective actions. Written procedures should be in place for the accident review committee to follow. Drivers should have the right to appeal accidents judged preventable.

Disciplinary Action

Each department should develop a strategy to determine the course of action following a preventable accident or significant changes in a driver's license status. The disciplinary standard should follow a progressive method and describe what specific action(s) will be taken if a driver accumulates a certain number of violations or preventable accidents.

BUDGETING

Budgeting for vehicle property damage and liability expenses should be completed based on an evaluation of past experience and currently open claims. The expenses associated with vehicle claims can be highly variable for any department given low frequency in most departments and the potential for one accident to generate very large expenses.

Each department should determine a method of consistently tracking expenses for vehicle physical damage claims. Methods should be in place to allocate expenses to the budget units where the expenses are generated.

Vehicle physical damage claims should be investigated and administered by an appropriate level of staff to ensure integrity of the claim process.

INSURANCE AND CLAIM HANDLING

There are two categories of vehicle-related insurance claims:

- *First-party property damage claims:* First-party claims are handled internally by the respective department and are subject to the provisions of *Los Angeles County Code 5.85*.
- *Third-party liability claims:* Third-party claims can involve County-owned vehicles and non-County owned vehicles. The County is self-insured for third-party vehicle liability. Claims are handled through County Counsel and a CEO-managed third

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party administrator. County employees who operate their personal vehicles for County business are either Mileage Permittees or occasional drivers. Mileage Permittees are certified by the department according to *Los Angeles County Code 5.40.240*. Occasional drivers, according to *Los Angeles County Code 5.40.190*, are not considered to be Mileage Permittees, but are reimbursed for mileage and parking incurred while conducting County business.

LOSS ANALYSIS

A vehicle loss control program must have a system to monitor driver performance and vehicle accidents. At least annually, data available to the departments should be analyzed to measure driver performance and the effectiveness of the vehicle loss control program.

Each department should have a vehicle accident log containing details of each accident. Included in the log should be the results of accident investigations and reports prepared by management immediately following each accident. Law Enforcement reports should be included. This data is useful to the Vehicle Accident Review Committee in its review of every accident.

First party costs, such as to repair damage to County vehicles, mileage permittee vehicles, and/or County property, are handled internally by departments and is an important source of cost data that is not available from the Countywide databases. Vehicle maintenance is typically contracted out, with records maintained by the contractor. Data from reported near misses, if available, can also be useful.

Departments have access to data from the Countywide Risk Management Information System (RMIS) and the workers' compensation system (GenIRIS). RMIS will identify the frequency and costs associated with third-party tort liability claims from individuals or businesses seeking compensation for damages allegedly caused by County vehicles and/or County employees. GenIRIS will identify the frequency and costs of claims for County employees injured in vehicle accidents. RMIS data are available from CEO Risk Management or County Counsel. Departments have direct access to GenIRIS data.

By evaluating all available data, a loss control analysis can determine total number of accidents in any given time period (frequency) and the cost of those accidents (severity), as well as who was driving, who was at fault, and the vehicles involved. Comparison of annual cost per accident and days lost per accident can be useful in assessing the ongoing effectiveness of the loss control program.

A useful tool for comparing accident frequency over time, or between different operations, is by calculating the accident frequency rate per one million vehicle miles driven:

$$\text{Fleet accident frequency rate} = \text{No. of accidents} \times 1,000,000 / \text{million miles driven}$$

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The rate is more difficult to track and calculate with mileage permittee groups where mileage data is not as accurately recorded or compiled.

Through loss control analysis, management can determine if corrective actions are needed to reduce accidents and their effects. For instance, a high frequency of front end or rear end collisions may suggest the need for more driver training. Repeat accidents by a few individuals suggest the need for refresher training or disciplinary action. Several accidents due to mechanical failures suggest the need for improvements in the vehicle maintenance program.

CURRENT COUNTY OF LOS ANGELES PRACTICES

Many differing practices related to vehicle loss control are used by County departments. Most departments with large vehicle fleets typically devote more resources and have better established vehicle loss control programs than smaller departments. Some of the practices used by departments include review of motor vehicle records, defensive driver training, random drug and alcohol testing programs, accident review committees, and vehicle inspection and maintenance programs.

Review of Motor Vehicle Records

Motor vehicle record checks are a useful method to screen employees and identify employees who have poor driving records, thus allowing departments to focus their resources on these individuals and prevent future losses. Some departments use the DMV's Government Employer Pull Notice Program (EPN) to conduct MVR checks. The EPN, which is administered by departments individually or centrally by the CEO, provides notification to departments when changes occur to the motor vehicle records for employees enrolled in the EPN so action can be taken prior to vehicle accidents or incidents. Enrollment of employees who maintain commercial licenses for employment is required by the *California Vehicle Code*, while enrollment of Class C drivers is voluntary. Many departments do not have written policies relating to when driving privileges can be suspended.

Driver Training

Training on defensive driving techniques is inconsistent between departments. Some departments provide training on an annual basis; others provide training as needed; most departments do not provide any form of training to employees. For those departments that provide training, program content varies between classroom instruction and behind-the-wheel training. The content of the training also varies because of the varied driving exposures between departments.

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Drug and Alcohol Testing Program

The County has a drug and alcohol testing program, administered through the CEO, as required by the DOT. The program requires departments to enroll employees who possess commercial licenses as required by their employment. These employees are required to be tested randomly, on a post-accident basis, and upon entry into the program. Notification of testing is done through the employee's supervisor.

Vehicle Accident Review Committee

The County does not mandate the creation of Vehicle Accident Review Committees in every department. As a result, Vehicle Accident Review Committees largely do not exist within the County. In those departments where the committees do exist, the committees investigate vehicle accidents, review accidents and incidents, evaluate trends and develop recommendations to promote safe work practices and minimize accidents.

Vehicle Inspection and Maintenance

All County-owned vehicles should be maintained on established schedules. Vehicle maintenance of County-owned vehicles varies between departments and is performed by Internal Services Department, dealers or private vendors.

Vehicle inspection protocols vary by department. Inspections of commercial vehicles are regulated by the DOT. There are no known procedures for inspections of privately-owned vehicles used for County business.

RECOMMENDATIONS

Countywide recommendations will not be made given the differences in the types and uses of vehicles in the County. The guidelines described above should be considered and implemented as appropriate within each department. At a minimum, the department program should include key subjects such as who is allowed to drive, when driving privileges are suspended, what type of driving is allowed, what and when training must be conducted, and vehicle inspection and maintenance. Department-specific recommendations may be provided in the CEO Risk and Needs Assessment.

ADDITIONAL ASSISTANCE

Consultative assistance is available through the CEO by contacting Steve NyBlom at snyblom@ceo.lacounty.gov or (213) 738-2214.