

Risk Control



Construction Fleet Risk Management Guide

Managing a business today involves managing several types of risk. One of the greatest risks facing many businesses is their auto liability exposure. This includes supervisors driving pickup trucks and sales personnel in passenger vehicles, as well as drivers of dump trucks and other heavy equipment. All of these situations create a liability exposure that could threaten the very existence of your company. In recent years, jury awards involving commercial auto cases have resulted in extremely high awards to the plaintiffs even when there is shared liability on the part of the plaintiff. In some cases, punitive damages, which are often not covered by insurance, are also assessed against your organization. Punitive damages are often assessed for negligent hiring and negligent entrustment of vehicles, and a general lack of adequate safety policies and controls.

If your organization uses automobiles, pickups or tractor-trailer rigs, or if your employees use personal vehicles on company-related business, you must have some fleet safety controls in place. If you use independent truck operators or sub-haulers, you could be liable for their losses if they are inadequately insured. The following materials include basic guidelines and best practices for you to use to ensure the safety of your fleet and the preservation of company assets.

Vehicle Crashes: The Number One Cause of Workplace Fatalities

More employees are fatally injured on the job due to vehicle accidents than any other single cause. More than 25 percent* of all construction industry deaths in the U.S. in 2006 were transportation related, the majority of which were vehicle accidents. The injury costs associated with employee vehicle crashes are generally three times the cost of other workplace accidents.

An effective fleet management program will help reduce your organization's auto liability exposure and protect the safety and welfare of your employees. The program should cover employees who drive company vehicles, as well as employees who drive their personal vehicles for company-related business.

The following information focuses on the management and safe operation of vehicles commonly used in construction and construction-related situations.

*Reference: *Fatal occupational injuries by industry and event or exposure, All United States, 2006. U.S. Department of Labor, Bureau of Labor Statistics.*

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Minimal Fleet Management Practices

Although it is true that the odds of a serious motor vehicle loss increase with the number of vehicles operated, the potential for a serious loss exists whenever vehicles are used in the course of business. Therefore, certain minimal fleet management practices should be put into place whenever you have a fleet exposure.

Elements of minimal fleet management practices

- > A written standard that clearly defines who is eligible to drive. This should include minimum driver qualifications such as age, experience level and acceptable driving record. These criteria must be followed fairly and consistently.
- > A system to verify that all drivers meet these qualifications with reviews at the time of hire and periodically during the course of employment.
- > Clear rules and policies for the use and maintenance of company vehicles or vehicles used on company business. Institute clear accountabilities and consequences for failure to comply with these rules and policies.
- > Verification that anyone driving company vehicles or personal vehicles on company business possess a valid driver's license for the type of vehicle being driven.
- > A motor vehicle record (MVR) for anyone driving company vehicles or personal vehicles for business use. This is a record provided by the state of license of all recent traffic violations, suspensions or cancellations. This is the only way to know if a driver's license is currently valid and also if the driver has a history of violations. Verify that drivers do not possess multiple licenses from various states.
- > Review of the driver's MVR to determine if his or her record is acceptable. Remember, they will be driving a vehicle that your company is ultimately responsible for in case of loss.
- > The driving record of each person that operates company vehicles or personal vehicles on company business should be reviewed at least annually. A company policy should be established and followed regarding drivers with unacceptable driving records.
- > Compliance with all federal and state Department of Transportation regulations for drivers of commercial vehicles.

Driving Records

A driving record should not have a DUI , DWI, or similar alcohol/drug related offense within the past five years. Other serious offenses that should not be on the driving record within the past five years include:

- > Careless driving
- > Chemical test refusal
- > Driving after suspension or revocation of license
- > Fleeing or eluding a police officer
- > Leaving the scene of an accident
- > Passing a stopped school bus
- > Reckless driving
- > Speeding greater than 20 mph over the limit

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The chart below provides a suggested guideline to determine acceptable driving records. "Clear" and "acceptable" MVRs should be reviewed at least annually. "Borderline" MVRs should be reviewed at least every six months. Any serious violation should automatically be considered "poor." Company MVR policy should clearly define actions to be taken for drivers with "poor" records.

Outside services for obtaining MVRs are available and can speed up the acquisition process. They also offer other driver history information that is helpful in making a qualified hiring decision. The Fair Credit Reporting Act (FCRA) may apply when using outside services. Compliance with the FCRA may require a driver's signed release statement in some states. If you have very low MVR order volume annually, it may be most economical to order directly from the state of license.

The following Web site provides links to state agencies where MVRs can be obtained.

<http://licenseinfo.org/find-flash.asp>

		Number of Preventable Accidents			
		0	1	2	3
Number Of Violations	1	CLEAR	ACCEPTABLE	BORDERLINE	POOR
	2	ACCEPTABLE	ACCEPTABLE	BORDERLINE	POOR
	3	ACCEPTABLE	BORDERLINE	POOR	POOR
	4	POOR	POOR	POOR	POOR

Table 1: Three Years Driving History

Personal Use of Company Vehicles

Company vehicles are provided primarily for business purposes; however, some companies allow personal use. Personal use is a privilege that should be extended only to an authorized employee.

The following practices are suggested for use of company vehicles:

- > A company vehicle may only be used for incidental personal trips within 50 miles of the driver's home.
- > Personal trailers, including boats and recreational vehicles, are not to be towed.
- > Company vehicles are not to be driven after consuming any amount of alcohol.
- > Possession, transportation or consumption of alcohol or illegal drugs by anyone in the vehicle is not allowed.
- > The driver and all passengers must wear available personal restraints (seat belts).
- > Prohibit cell phone use while operating vehicles.
- > Accidents should be reported immediately to the police and manager.

Non-Owned Auto Exposures

The following practices are suggested for use of a non-owned vehicle for company business:

- > Anyone that uses his or her personal vehicle for any company business should be on an approved driver list.

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- > Anyone who uses his or her personal vehicle for company business must observe the same policies governing the use of company-owned vehicles. This includes ordering and reviewing the MVR of these drivers.
- > The driver should provide a certificate of insurance. Suggested limits are \$100,000/\$300,000/\$50,000. The policy should not exclude business use.
- > A personal vehicle used for company business should be inspected by the fleet manager at least once a year.

Commercial Vehicles

In most states, a commercial vehicle is any vehicle over 10,000 pounds gross vehicle weight rating (GVWR) used in commerce. If a vehicle crosses state lines and is heavier than 10,000 pounds GVWR, it is considered a commercial vehicle under federal regulations. This includes vehicles towing trailers when the combined weight exceeds 10,000 pounds.

Vehicles hauling passengers may also be considered commercial vehicles under state and federal regulations. The criterion varies by state as well as the purpose of the transportation.

Companies that operate commercial vehicles must follow state and federal safety regulations. Some of the regulations include maintaining files of: driver qualification, secured driver investigation history, and vehicle maintenance and inspection. To review all Federal Motor Carrier Safety Regulations (FMCSR) or find out about specific state requirements, click on the following links:

[Federal Motor Carrier Safety Regulations](#)
[State Departments of Transportation](#)

Commercial driver's license (CDL)

Possession of a CDL is required if the driver operates a vehicle that:

- > Has a gross vehicle weight rating of more than 26,000 pounds;
- > Has a gross combination weight rating of more than 26,000 pounds, including a trailer heavier than 10,000 pounds;
- > Is designed to transport 16 or more people, including the driver; or
- > Requires hazardous materials placards regardless of the size of the vehicle.

Drivers operating any vehicle larger than a pickup truck should be properly trained to drive that type of vehicle. If drivers are hired with experience driving larger vehicles, that experience must be verified and a road test should be performed.

Substance abuse testing

If a driver is required to possess a CDL to operate a commercial vehicle, that driver also falls under the drug and alcohol testing requirements. This applies regardless if the driver crosses state boundaries or not.

Required testing includes pre-employment, random, post-accident, reasonable suspicion, return-to-duty and follow-up. Both a drug and alcohol test is required for all testing except pre-employment. Only pre-employment substance abuse (drug) testing is required.

For fleets with less than 100 drivers, it may be easiest to join a drug/alcohol consortium (a "pool" of smaller fleets where the consortium will have 100 or more drivers). Consortia are usually operated by local hospitals, clinics or independent laboratories. The consortium will select the drivers for random drug/alcohol testing, notifies the employer, conduct tests and send results to employer. Results must be kept in a secured file with limited access.

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Construction Operations

Sand and gravel operations

Sand and gravel operations often follow the same route many times a day. Drivers must be certain to come to a complete stop at all stop signs and watch for traffic at all intersections. Some of the most common and serious crashes involving sand and gravel fleets are intersection collisions and rear-end collisions. When delays are encountered at the job site, the driver needs to be patient and not try to make up time by hurried driving.

If the load could scatter while driving, a tarp should be used to prevent any scatter that could damage other vehicles. The driver should also walk around the truck and brush off any loose sand or gravel from the exterior of the truck before departing.

Dump trucks frequently roll over or come in contact with electrical lines when their beds are raised. Drivers should be familiar with these hazards and know how to prevent them.

Ready-mix fleet operations

Ready-mix drivers must be aware of the top-heavy characteristics of a ready-mix truck. Drivers must be careful to take turns and corners at a speed that will not cause them to roll over. Drivers must also approach freeway exit ramps at slow speeds to avoid rollovers. A mixer truck will handle differently than a loaded gravel truck and is more prone to a rollover.

In off-road situations, drivers should avoid sloped or uneven terrain that could cause a rollover. This situation is exaggerated when the ground is wet, muddy or slippery.

Lowboys, drop decks and heavy equipment moves

Aside from the basic safe driving practices associated with operating any large truck, there are some additional concerns when transporting heavy equipment. Height, length and weight of loads, and road clearance may affect safety needs.

Many loads of heavy equipment are at or above the legal height and weight limits. Any time you exceed the allowable height, weight or length as prescribed by each state, you must obtain a permit before the move. In some cases, depending on the load, a permit will dictate the exact route that must be followed.

The driver of a heavy load must be aware that the vehicle will not stop as quickly as a normal load and will accelerate from a stop more slowly.

The driver must allow more space for stopping, as well as additional clearance to enter traffic.

Drivers of over-height loads must measure their load from the road surface to the highest point of the equipment being transported. While en-route, close attention must be paid to all overpasses, bridges, tree limbs and public utility lines. Keep in mind that some of the posted clearances on overpasses may not have been revised since the road was last resurfaced.

Drivers transporting equipment that is over width must be especially careful when meeting traffic on bridges and narrow two-lane roads.

Note

Drivers operating any vehicle larger than a pickup truck should be properly trained to drive that type of vehicle. If drivers are hired with experience in larger vehicles, that experience must be verified and a road test should be performed.

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The driver of a lowboy, drop deck or similar trailer with minimal ground clearance must be certain that there is sufficient clearance to safely clear a railroad crossing. A driver that gets hung up on the tracks will have his or her CDL disqualified for 60 days on the first offense. Of course, if the vehicle is caught on the tracks and struck by a train, there could be serious consequences.

Overhead electrical hazards

On average, more than 400 workers die each year from electrical contacts. More than half of these deaths involve construction workers. Concrete pumpers, raised dump bodies and truck-mounted booms account for the majority of construction-related overhead electrical contacts.

It is important that people or equipment do not contact overhead lines. Precautions include:

- > Identify and avoid power lines.
- > Maintain a minimum clearance of 10 feet.
- > Brief all employees and subcontractors on the locations of overhead power lines and the precautions to take.
- > When necessary, use a spotter to keep all people and equipment away from the lines.
- > Use cones or barricades to mark off a danger zone.
- > When it is impossible to avoid the lines, notify the public utility in charge of the lines to shut off power or move the lines.

Cargo Securement

A significant concern with various sized equipment is overall height. Always measure your load. Don't forget to measure from the highest point, which may be an exhaust stack, a 1-inch bolt extending upward, or any other part or accessory of the machine.

Wheeled equipment

Wheeled equipment is usually blocked and braced with 4x4s. It is the driver's responsibility to be certain that the blocking is placed properly and securement devices must be obviously placed over and above whatever blocking may be in place. It is important not to tighten a chain or binder over any axle, brace, hydraulic line or other part of the machine that may get bent when you tighten your securement. All accessory equipment, such as blades and buckets, must be bound and secured to the vehicle. Articulated vehicles must be secured to prevent articulation during transit. Tape the exhaust stack cover closed so it does not become damaged, and tie or otherwise secure all doors on the cargo vehicle to be certain they do not open in transit. It is imperative that all equipment loads are measured for height after they are secured on the trailer.

Tracked equipment

Tracked equipment should be secured similar to wheeled equipment. In addition to the requirements under "wheeled equipment," the tracks should be blocked and cross chained both front and rear. The number of chains required depends on the weight of the equipment; however, a minimum of four tie downs is required.

Remember, the regulations state that you must have securement devices with working load limits at least equal to 50 percent of the weight of the cargo in each direction — side to side, forward and backward. It is advisable to have some back-up securement devices on heavy articles.

In addition to taking precautions to protect cargo with securements, it's important not to damage securement devices with sharp edges of the cargo. This is particularly true of nylon straps. The use of edge protectors is important to prevent straps from being cut or frayed.

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Refer to C.F.R. 49 393.130 of the **Federal Motor Carrier Safety Regulations** for specific requirements on wheeled and tracked equipment.

Equipment Theft

Travelers understands the impact that a stolen vehicle or piece of construction equipment can have on your organization, such as costly delays, lost productivity and decreased profits. That’s why we’ve formed a business alliance with LoJack.

LoJack is an innovative stolen vehicle recovery system effective for construction equipment and vehicles. When a piece of equipment or vehicle is reported stolen, the device is activated and sends a signal for police to follow.

800.275.6522
lojack.com

Fact

Punitive damages are often assessed for negligent hiring and negligent entrustment of vehicles, and a general lack of adequate safety policies and controls.

For more information, visit our Web site at travelers.com/riskcontrol, contact your Risk Control consultant or email Ask-Risk-Control@travelers.com.



The Travelers Indemnity Company
and its property casualty affiliates
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