Managing Risk in the Workplace
Insurance Industry Perspective

Rob Stiles, CSP, ABCP
Senior Vice President – Risk Services
rob.stiles@marshMMA.com
Insurance Industry Perspective
Historical Reaction to Loss Trends

• Primary Commercial Insurance Coverages
  – Workers Compensation
    - Terrorism
  – Automobile
    - Uninsured/Underinsured Motorist
  – Property
    - Flood
    - Terrorism
  – General Liability
    - Employment Practices Liability
    - Environmental Liability
    - Cyber Liability
    - Directors & Officers
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• Property Insurance – Buyer friendly
• Workers Compensation – Soft conditions
• General Liability – Favorable conditions
• Automobile – Unfavorable conditions

Auto liability continues to be the most challenging line of insurance. Many insurers have experienced a frequency in severity of auto losses and thus are seeing deteriorating results.

Some insurers have stopped underwriting more challenging transportation risks, mainly long-haul trucking.
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What is causing this uncertainty?

After steady declines over the last four decades, highway fatalities in 2015 recorded the largest annual percentage increase in 50 years.

2016 estimates show a 10.4% increase from a comparable period in 2015.

Highway safety experts blame inattentive (distracted driving) for 80% of all car accidents.

Large settlements are on the rise.
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What is causing this uncertainty?

Punitive Damages Heat Map

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What is causing this uncertainty?

• Headlines - Public Court of Opinion


  – “People Who Text and Drive are Jacking Up Your Insurance Premiums” – 3/20/2017

  – “Distracted Millennials May Be Driving Up Insurance Rates” – 6/16/2017

  – “Personal Injury Cases Involving Distracted Driving Increasingly Lead to Larger Awards & Settlements” – 9/11/2017

  – “Driverless Cars Look More Attractive with the Increase in Distracted Driving Accidents”
INDIANAPOLIS — With the continued prevalence of on-the-job motor vehicle collisions, employers must find a way to address distracted driving, which often stems from cellphone use, according to experts speaking at the 2017 National Safety Council Congress & Expo on Tuesday in Indianapolis.

Motor vehicle crashes have increased in the past two years, and there has been a 14% increase in motor vehicle deaths in that time, according to National Safety Council data.

“That is the highest increase over a two-year period since 1963. More than 1,000 people are suffering from life-changing injuries. We also know that the number one cause of on-the-job deaths are motor vehicle collisions,” said Jenny M. Burke, Itasca, Illinois-based senior director of advocacy at the National Safety Council.

Experts say distractions are a major cause of injury and death and that cellphone use is a top distraction. Drivers using cellphones, whether hand-held or hands-free, are four times more likely to crash.

“We did a survey at the council last year, and one of the things we found that was really interesting is what people tell you that they are actually willing to do if there are no rules involved. Seventy-nine percent of people admitted that if it were legal to make a phone call while driving, they would do it … 53% of people admitted to texting while they were driving or...
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What is the response?

• Insurance rates are on the rise due to the increase in accidents and fatalities
  – Causes
    - Increased exposure - More vehicles on the road
    - Vehicle values and cost to repair on the rise
    - Distracted driving – Mobile devices, vehicle design, Multi-tasking

• Increases differ by State
  – Low End  3% - 5%
  – High End 10% - 14%
  – Some up to 20%
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What is the response?

• Commercial Insurance Carriers have been…….
  – Very interested in Distracted Driving controls
  – Encouraging Distracted Driving prevention practices
    - Policies
    - Training
    - Audits
  – Establishing relationships with vendors
    - LifeSaver
    - DriveCam
  – Choosing not to write some fleets

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What is the response?

• What types of policies and practices are being recommended?

• We like KISS
  – Driver Agreement – signed annually by each driver
    - Any vehicle, used for COMPANY business, shall be operated in a safe manner, in accordance with the manufacturers’ recommendations. **Cell phones shall NOT be used when the vehicle is in gear; hands-free technology may be used only when the vehicle is safely parked.**
    - An employee, authorized to operate a vehicle for COMPANY business, shall comply with jurisdictional rules of the road at all times.
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What is the response?

• Another way to KISS
  – Associates may not use cellular telephones or mobile electronic devices while operating a motor vehicle under any of the following situations regardless of whether a hands-free device is used:
    - When an associate is operating a vehicle owned, leased or rented by the Company
    - When an associate is operating a personal motor vehicle in connection with Company business
    - When an associate is using the cellular telephone or mobile electronic device to conduct Company business
    - When an associate is using a company provided cellular telephone or mobile electronic device
  – To place calls, view or send text messages, view or send other electronic messages, take notes, or look up phone numbers drive out of traffic and place the vehicle in park in a safe place.
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What is the response?

- What is they don’t like KISS?
  - DOT requirements as minimum standard

- For any policy to be affective;
  - Changing individual behavior requires organizational change
  - Leadership & organizational commitment is required
  - Operational policies/practices must support the desired behavior