PARTNERSHIP FOR COMMERCIAL INSURANCE & RISK MANAGEMENT

USI DRIVER RISK ASSESSMENT

THE USI ONE ADVANTAGE®

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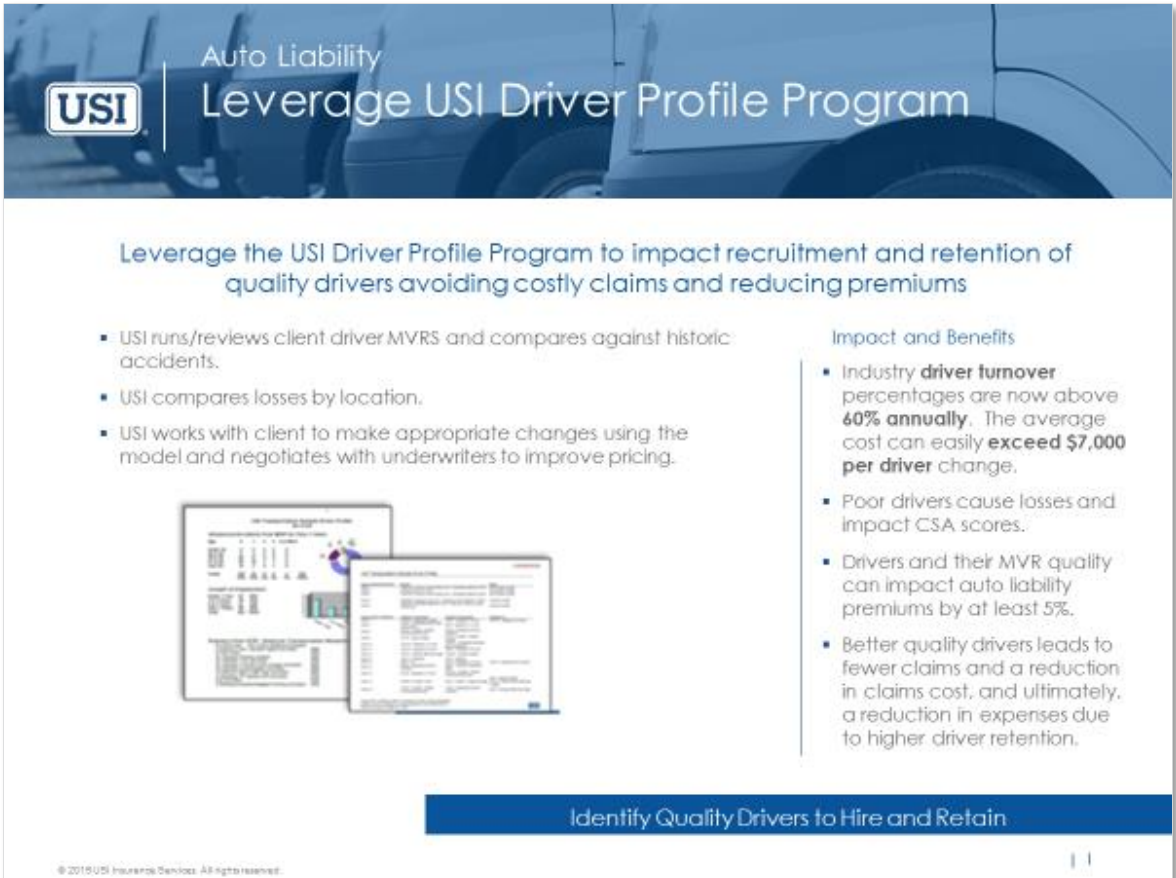
DRIVER RISK ASSESSMENT

Executive Summary

Driver Risk Assessment helps Motor Carriers select and retain quality drivers avoiding costly claims, increased settlement values, and decrease turnover



- Industry **driver turnover** percentages average above **60% annually**
- The average **cost of recruiting and training a new driver can be $7,000+ per driver**
- USI Driver Risk Assessment helps our clients decide which drivers to hire, retain or retrain
- Reducing driver turnover by just 10 drivers can help Motor Carriers save approximately **$70,000 in recruiting and onboarding costs**

DRIVER RISK ASSESSMENT

Potential Financial Impact – Putting it in Perspective

What This Solution Means to You

Prove the Financial Impact to Me

Click below spreadsheet to run client-specific numbers in Excel

Profit Margin	**7%**
Annual Revenue, Per Truck	**$200,000**
Annual Miles, Per Truck	**60,000**

Estimated Financial Impact	**$70,000**
Gross Revenue Needed to Cover Financial Impact	**$1,000,000**
# of Trucks Running to Cover Financial Impact	**5**
Miles Needed to Cover Financial Impact	**300,000**

DRIVER RISK ASSESSMENT

Process Overview

Obtain Driver Census and Motor Vehicle Records

- The Motor Carrier provides a list of all active drivers, and most recent MVR
- MVRs are run or obtained from the Motor Carrier so evaluation can be completed
- If the Motor Carrier provides loss runs, and their FMCSA PIN, violations and crash data not contained on the MVR can be incorporated into the analysis

Complete Driver Risk Assessment

- Identify high risk drivers that could lead to costly crashes, increase value of settlements, and result in higher driver turnover
- USI will provide recommendations to assist in retention of borderline drivers to aid in retention efforts

Analyze Data and Implement Corrective Action

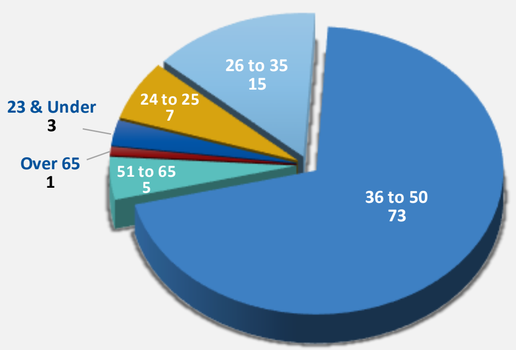
Through implementation of remedial programs, driver turnover can be reduced and insurance costs can be positively impacted

DRIVER RISK ASSESSMENT

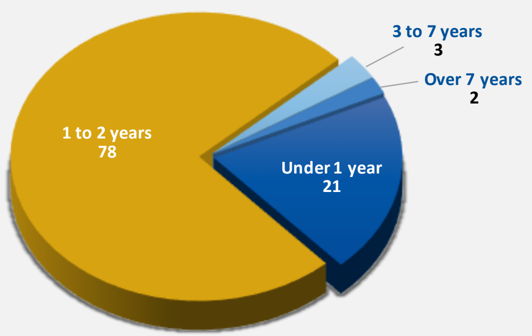
Complete Driver Risk Assessment

USI's predictive Driver Risk Assessment can help Motor Carriers determine statistically safer drivers and those likely to have an accident in the next 12 months

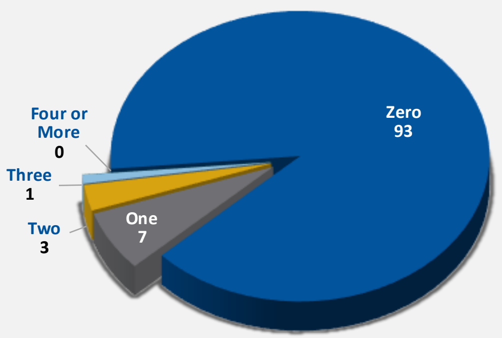
Age of Drivers



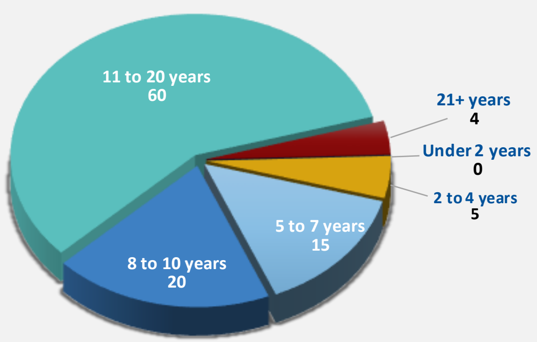
Tenure with Company



Violations/Crashes in Previous 3 Years



Total Years Known CDL Driving Experience



Key Observations

Driver Profile Components include:

- Fleet demographics
- Tenure with Company
- Total years of known CDL experience
- Violations and Crashes on MVR
  - If the Motor Carrier PIN and Loss Runs are Provided, USI will include this in the assessment

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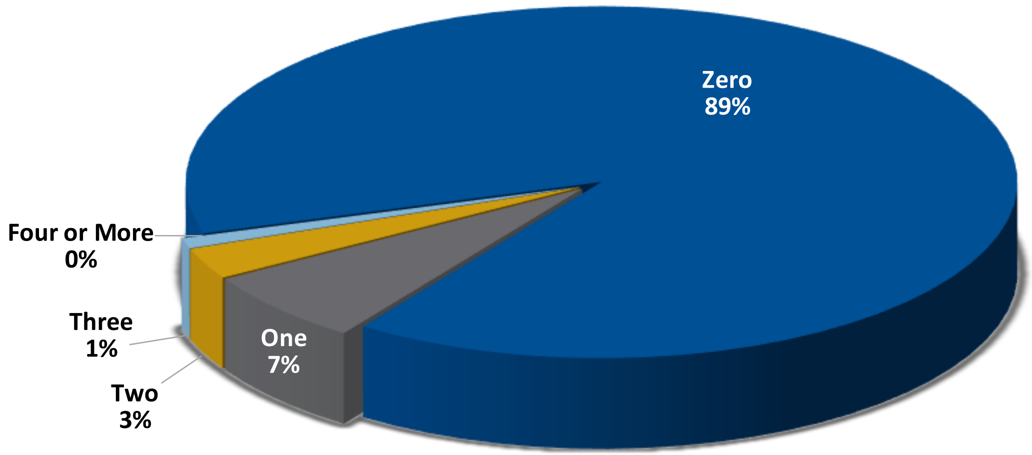
Analyze Data

Violations/Accidents from MVR for Past 3 Years					
# Violations/Accidents:	**Zero**	**One**	**Two**	**Three**	**Four or more**
23 & under	2	1	0	0	0
24 – 25	5	1	1	0	0
26 – 35	13	1	1	0	0
36 – 50	67	4	1	1	0
51 – 65	5	0	0	0	0
Over 65	1	0	0	0	0
Total = 104	**93**	**7**	**3**	**1**	**0**
100%	**89%**	**7%**	**3%**	**1%**	**0%**



Key Observations

- Violations and crashes that appear on the driver's MVR are included. Non reportable crashes contained in loss runs, along with SMS violations, can be included in the assessment. All violations, even those in a private passenger car, should are considered.

STATISTICS :

- 85% of the Professional Drivers in the industry have 0-1 violations
- If a driver has 2 violations, they are **168%** more likely to have an crash in next 12 months
- If a driver has 3 violations, they are **298%** more likely to have a crash in next 12 months
- If a driver has 4 violations, they are **600%, or 6x more likely**, to be involved in a crash in the next 12 months

DRIVER RISK ASSESSMENT

Implement Corrective Action

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Exp/Susp/Can/Revoked Drivers	Reason
Driver 1	4/11/16 - Expired - Please provide updated CDL information
Driver 2	10/1/17 - Suspended - DUI

Drivers with 2+ Violations/Accidents	Violation/Accident 1 Description	Violation/Accident 2 Description	Violations/Accidents 3+ and/or *Notes*
Driver 3	9/17/16 - Disobeyed traffic control device	6/24/16 - Accident	6/24/15 - Failure to yield
Driver 4	4/26/17 - Speeding 70/60	2/17/17 - Speeding 70/60	11/24/16 - Followed too closely
Driver 5	5/6/16 - Speeding 64/55	5/28/15 - Speeding 50/45	
Driver 6	4/30/17 - Speeding 75/70	12/12/16- Speeding 70/55	
Driver 7*	3/16/16 - Followed too closely	3/16/16 - Obstructed vision or control	**Driver on GW Probation until 7/8/19*

Drivers with 1 Violation/Accident to be aware of	Viol
Driver 8	6/25
Driver 9	9/6/
Driver 10	7/16
Driver 11	11/9
Driver 12	10/1

2018 Statistics from ATRI – American Transportation Research Institute

If a Driver has:	Crash Likelihood in next 12 months increased
A Reckless Driving violation	114%
A Failure to Yield Right of Way violation	101%
A Failure to Maintain Lane conviction	83%
A Failure to Use/Improper Turn Signal conviction	82%
A Previous Crash	74%
A Lane Restriction conviction	72%
An Improper Passing conviction	70%
A Reckless/Careless/Inattentive/Negligent Driving convic. (1)	69%
An Improper/Erratic Lane Change conviction(2)	66%
An Improper Lane Change violation (2)	63%

Key Observations

- Using analytics, USI can work with the Motor Carrier to implement appropriate corrective action which will reduce costly crashes, higher settlement values, and improve driver retention
- USI will also use these proactive and positive changes to negotiate with Underwriters and improve insurance pricing

Statistics from ATRI

- ATRI is the non profit, analytic arm of the ATA
- Statistics have shown that past driving behaviors predict future crash involvement

Information Needed to Perform *Basic* Driver Risk Assessment:

- Active Driver Census, in Excel format, to include
  - Company Drivers and Owner Operators
  - Legal Name
  - License State and Driver's License Number
  - Date of Birth
  - Date of Hire
  - Years of CDL Experience

Additional Information Needed to Perform a *Comprehensive* Driver Risk Assessment:

- Auto Liability Loss Runs for the Previous Five (5) Years
- CSA/SMS Motor Carrier PIN Number
  - USI will not share this information with any outside parties, without your permission

> ***NOTE:*** Per the Fair Credit Reporting Act, USI is not allowed to share or provide Motor Vehicle Records (MVR's), or it's contents, with their clients. However, if the client provides their driver's MVR, certain specific data can be shared with the Motor Carrier.

DRIVER RISK ASSESSMENT

Takeaways from ATRI Survey

ATRI Predicting Truck Crash Involvement: 2018 Update

ATRI identified 439,260 drivers who were inspected or involved in a crash between January – March 2015. It then looked back at those drivers' violations, convictions, and crashes during the two previous years. 31,098 were involved in a crash during that period. 93% had no crash involvement in the previous 2 years. Those with a previous crash were 74% more likely to be involved in another crash within a year.

Interestingly enough, the data identifies separately those who only received a violation (CSA) from those who were cited and subsequently convicted (MVR). One can draw the conclusion that convictions, with the accompanying costs including fines, court costs, attorney fees, insurance surcharges, etc. better deter future behaviors likely to result in crash involvement.

Older drivers, specifically those 65 – 69 and 80 – 84 were significantly more likely to be involved in another crash than younger drivers. In fact, drivers 20 – 24 years old were less likely to be involved in another crash than all other age ranges except drivers 85 – 89. That would tend to dispute insurance actuarial assumptions.

What continues to hold true is that unsafe driving, if not corrected, increases the likelihood of future crash involvement. Helping drivers avoid consequences of unsafe behaviors by appealing tickets may provide some short-term relief in terms of CSA scores but increase the likelihood of involvement in presumably a much more expensive outcome, a crash.