
Model Fleet Loss Control Program

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INTRODUCTION

Loss control is a management priority whether the fleet is large or small. Management must rely largely on vehicle operators to supervise their own actions behind the wheel. Management must communicate a strong fleet safety policy and support it with emphasis on driver selection, testing, training and the development of defensive driving techniques.

JGS advocates that a fleet loss control program should consist of the following basic elements:

- Management statement of fleet loss control policy
- Driver selection
- Accident record keeping, reporting and analysis
- Vehicle inspection and maintenance
- Transportation of hazardous materials
- Driver training and motivation
- Loss control program audit

Depending on the type of fleet, whether school bus, salesperson, long haul trucking, transportation of hazardous materials, etc. and the locations' operations, one program element may need more emphasis than another. As with other programs, fleet loss control must be tailored to fit the specific needs of the applicable location and fleet.

This model program has been developed to address appropriate Department of Transportation (DOT) Federal Motor Carrier Safety Regulations (FMCSR) for companies involved in interstate transportation. The guidelines and procedures developed in this model program, however, can be adapted to all types of fleet operations, including intrastate.

Loss control is a management responsibility, which includes the development and implementation of an effective program suited to specific operational needs. It is JGS's hope that this model program will assist management in meeting this responsibility.

Neither JGS Insurance nor its affiliates assert that compliance with the suggestions contained in this program will assure the safety of persons and property.

MANAGEMENT STATEMENT OF FLEET LOSS CONTROL POLICY

Motor vehicle accidents can be prevented. Through such prevention, injury can be avoided and costs can be reduced with a resulting increase in the well being of our company.

It is the policy of this company that every effort be made to prevent motor vehicle accidents. It is the responsibility of all personnel - managers, supervisors and drivers - to comply with this policy.

The fleet loss control program, under the direction of the fleet manager or supervisor, facility manager consists of:

- Driver selection procedures
- Vehicle occupant protection
- Ongoing defensive driving training
- Vehicle selection, inspection and maintenance procedures
- Accident investigation and analysis procedures
- Accident review board (at least three members)
- Evaluation of individual and divisional safety performance

The effective integration of fleet loss control into the daily conduct of business will contribute significantly to the continued success and prosperity of our company and its employees.

Officer's Name: _____

Title: _____

DRIVER SELECTION

When employees are allowed to drive a company vehicle, or to drive any vehicle for the company, they are entrusted not only with the operation and care of the vehicle, but also the company's reputation.

Employees shall be evaluated and selected as to their driving ability if they are to drive on company business.

To evaluate employees as drivers, management shall:

- Ascertain that the employee has a valid driver's license, including a Commercial Driver License (CDL) where warranted.
- Ensure that the employee is qualified to operate the specific type of vehicle.
- Review the employee's knowledge of vehicle operation and safe driving techniques by conducting a written examination and driving test.
- Review the employee's Motor Vehicle Record (MVR) annually (more frequently if reasons warrant) to evaluate the individual's driving experience and observance of traffic laws.
- Review past driving performance and work experience through previous employers reference checks.

Driver Qualification:

The establishment of effective driver qualification controls is important to the successful operation of the fleet. The opportunity to select the right employee for the driving task depends largely on management's ability to develop standards which reflect the prerequisites and skills necessary for satisfactory job performance while taking into consideration applicable federal and state regulations with which the company must comply.

This company has implemented three levels of driver qualification criteria. Use of any or all of these criteria is dependent upon the nature and scope of the operation of each division/location.

1. State-regulated driver qualification parameters must be met. Regulatory information shall be obtained from applicable state departments of transportation and motor vehicle services.
2. Where applicable, drivers shall comply with D.O.T. Commercial Driver License (CDL) regulations. JGS's Loss Control Data Guide F.13550B: "***Commercial Driver License Act***", is listed in Appendix C as an available reference for specific information on driver eligibility, knowledge and skills testing, and special endorsements.

A driver is unacceptable if the driver's accident/violation history in the past three years:

1. Includes one or more of the following violation convictions:
 - Driving under the influence of alcohol or drugs
 - Hit and run
 - Failure to report an accident
 - Negligent homicide arising out of the use of a motor vehicle
 - Operating during a period of suspension or revocation
 - Using a motor vehicle for the commission of a felony
 - Operating a motor vehicle without the owner's authority
 - Permitting an unlicensed person to drive
 - Reckless driving
 - Speed contest
2. Consists of any combination of accidents (preventable and non-preventable) and moving violation convictions which total four.

Drug Testing:

This company's testing procedures have been developed and implemented in compliance with Federal Highway Administration (FHWA) regulations promulgated through the Department of Transportation. It is understood that local facilities will modify the corporate program based on applicable state/local drug testing regulations developed for interstate and/or intrastate transportation.

The drug testing program is composed of the following elements:

- Testing
 - Pre-employment
 - Reasonable cause
 - Post-accident
 - Random
- Record Retention
- Employee Assistance Program
- Medical Review Officer

It is important to note that facility-oriented drug testing programs shall be reviewed and evaluated by appropriate legal counsel prior to implementation.

ACCIDENT RECORDKEEPING, REPORTING AND ANALYSIS

This company considers the elimination of all motor vehicle accidents as a major goal. To accomplish this task, it is paramount that all accidents be recorded and investigated. The investigation is used to identify needs for:

- More intensive driver training and/or refresher training
- Improved driver selection procedures
- Improved vehicle inspection and/or maintenance activities
- Changes in traffic routes.

Major vehicle accident recordkeeping procedures consist of the following components:

- Documentation of causes and corrective action
- Management review to expedite corrective action
- Analysis of accidents to determine trends, recurring problems and the need for further control measures
- Compliance with DOT requirements where necessary

Implementation of these procedures remains the responsibility of both the driver and manager.

Driver Responsibility:

As the driver is the first person at the accident scene, it is important that he/she initiate the information-gathering process as quickly and thoroughly as is feasible. JGS Insurance provides a “***Driver’s Emergency Accident Report Kit***” (F13305), available through its claims facilities, for this purpose. The kit is referenced in Appendix C.

Management Responsibility:

Management is reasonable for obtaining the accident data from the driver through the reporting kit, information form, and/or by verbal

communication. It is important for management to determine the extent of the accident, especially if it involves injury or death to the driver, passengers or other parties.

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Management should proceed with a formal investigation as soon as possible to determine the underlying causes as well as what can be done to prevent a similar occurrence in the future. The resulting accident report should be forwarded to the insurance claims office along with any additional support data (e.g., witness statements, photographs, police reports, etc.) and a copy sent to the Department of Transportation where warranted.

The determination of preventability of an accident is the function of this company's accident review board, which is comprised of (at least three) representatives of management and the drivers.

The purpose of the accident review board is to:

- Evaluate the circumstances surrounding an accident and the action to be taken by the driver.
- Determine if the accident was “preventable” or “non-preventable” in accordance with standard criteria.*
- Provide a means for enforcing management and driver responsibilities.

*JGS Loss Prevention's ***Fleet Vehicle Preventable Accident Guide*** is available as an accident review board reference and is included in Appendix B.

VEHICLE SELECTION, INSPECTION AND MAINTENANCE

Proper selection and maintenance of equipment are an important aspect of this fleet loss control program. Reduced operational costs, reduced accidents from vehicle defects and improved public opinion are the direct results of a well implemented maintenance policy.

Vehicle Selection:

This company's fleet maintenance program starts with the selection of vehicles with the understanding that the wrong equipment can result in excessive breakdowns and weak with resultant hazards to personnel, costly delays, poor service and customer complaints. It is essential that this company purchase vehicles which are designed for the specific job for which they are going to be used.

Fleet management must analyze transportation needs and determine what is expected of the vehicles in the fleet. An over-designed vehicle will involve too much of an initial cost as well as anticipated additional maintenance costs. An under-designed vehicle can involve a shorter life, more breakdowns and a higher overall maintenance cost.

Standardization of the fleet by both manufacturer and model type, as well as components within the vehicle, is advantageous in that standardization will include a reduced parts inventory, enhanced ability of mechanics to expedite repairs, reduction of inadvertent abuse of vehicles by drivers, and more efficient appraisal of the suitability of the vehicle for the task involved.

It is understood, however, that standardization does not limit the fleet manager to one supplier, but, rather a network of several suppliers to maintain necessary selection leverage and competitive pricing.

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Vehicle Inspection:

A documented program of pre-trip and post-trip vehicle inspection is a critical component in the vehicle maintenance and loss control process. Detection and correction of a vehicle defect or deficiency reduces the risk of a mechanical condition contributing to an accident or vehicle breakdown which can result in death, injury and property damage, as well as missing deliveries, bad publicity, customer dissatisfaction, or on-the-road repair problems.

Documentation of the inspection process is maintained using the JGS's Loss Control Data Guide F.13641: ***“Pre and Post-Trip Vehicle Condition Report”***, which is included in Appendix A. The report is designed for both pre-trip and post-trip inspection purposes and can also be used for periodic inspections while in transit. By keeping a copy of the vehicle condition report on the vehicle, the driver, mechanic or other interested parties can ascertain at a glance the known mechanical condition of the vehicle.

Driver training in proper vehicle inspection techniques is important, since it is the drivers who spend the most time with the vehicle and are held accountable for its proper inspection.

The Federal Motor Carrier Safety Regulations (FMCSR) require that drivers complete a post-trip vehicle condition report and have a copy of the report in the power unit. Inspection criteria is identified in the AISG “Inspection Points” guide in Appendix B. Before driving a vehicle, the driver must be satisfied that the vehicle is in safe operating condition, review the last vehicle inspection report in the power unit, and if defects or deficiencies had been identified on the report, sign the report to acknowledge that it was

reviewed and that there is a certification that the required repairs have been completed.

The FMCSR also requires an annual inspection by a qualified inspector of all vehicles covered by these regulations, including trucks, buses, tractors, full and semi-trailers, converter dollies, etc. Each piece of equipment is verified through the vehicle condition report that the inspection was performed. This company adopts the vehicle inspection requirements of the FMCSR for its entire fleet.

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Vehicle Maintenance:

Vehicle maintenance can take the form of three distinct programs: preventive maintenance, demand maintenance and crisis maintenance. While all three types have their role in the fleet loss control program, the most cost effective control is preventive maintenance.

The groundwork for a good preventive maintenance program starts with management. A review of manufacturer's specifications and recommendations for periodic preventive maintenance should be integrated with the actual experience of the fleet. The fleet manager must be careful not to avoid the manufacturer's warranty when approving periodic repairs.

Preventive maintenance (PM) is performed on a mileage or time basis. Typical PM jobs include oil/filter changes, lubrication, tightening of the belts and components, engine tune-ups, brake work, tire rotation, hose inspection/replacement and radiator maintenance.

Demand maintenance is performed only when the need arises. Some vehicle parts are replaced only when they actually fail. These include light bulbs, window glass, gauges, wiring, air lines, etc. Other "demand maintenance" items involve vehicle components that are worn based on information from the vehicle condition report. These include tires, engines, transmissions, universal joint, bushing, batteries, etc. Since these situations are identified via periodic vehicle inspection, they can actually be classified within the PM program.

Crisis maintenance involves a vehicle breakdown while on the road. While situations of this type may happen regardless of the quality of the PM program, it is an expensive alternative to not having an effective preventive

maintenance program at all. Crisis maintenance situations should be minimized through proper PM procedures.

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Recordkeeping:

This company's vehicle selection, inspection and maintenance program is only as good as its recordkeeping procedures. The key document is the "Drivers Vehicle Condition Report", which gives a detailed account of vehicle defects and deficiencies for necessary follow-up. A preventive maintenance log of repairs, parts replacement, fluids inspection/changes, etc., provides additional data designed to keep the vehicles on the road and operating safely and efficiently.

TRANSPORTATION OF HAZARDOUS MATERIALS

Interstate transportation of hazardous materials is governed through the Federal Regulations promulgated by the Federal Highway Administration of the Department of Transportation (DOT). Most states and localities have either adopted the federal regulations as local law or promulgated their own intrastate regulations based on DOT requirements.

Thorough and ongoing training of our employees involved (directly or indirectly) with the transportation and handling of hazardous materials is an important part of this fleet loss control program.

This company's hazardous materials transportation program consists of the following:

- Classification of hazardous materials
- Shipping paper and manifest requirements
- Marking, labeling and placarding
- Handling, loading, unloading and dispensing
- Accident reporting and emergency response procedures

The Hazardous Materials Regulations (HMR) designate various hazard classes, including:

- Blasting agent
- Explosive - Class A, B and C
- Combustible liquid

- Corrosive material
- Etiologic agent
- Flammable liquid, gas and solid
- Irritating material
- Organic peroxide
- Other regulated material (ORM) - Class A, B, C, D and E
- Oxidizer
- Poison - Class A and B
- Radioactive material

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Definitions of each of these classes, along with guidelines for development of procedures for shipping, marking, labeling and placarding are provided in section “9” of the American Insurance Services Group, Inc. (AISG) “Motor Vehicle Report” technical bulletins and are referenced in Appendix C.

Included in these bulletins are procedures and guidelines for handling, loading, unloading and dispensing of hazardous materials, as well as references to procedures for reporting of accidents and incidents requiring DOT notification and communication with local emergency authorities, Chemtrec, etc.

DRIVER TRAINING AND MOTIVATION

The drivers hired by this company to operate a motor vehicle will have the basic skills and credentials necessary to perform this function as confirmed through the driver selection process. The purpose of the driver training and motivation program is to increase these skills and orient the drivers to this company's fleet safety policy, equipment and procedures.

Driver training and motivation includes:

- Training and indoctrination into the company safety policy and programs.
- Refresher training on defensive, incident-free driving
- Motivation through company-sponsored incentives

Driver Training:

This company's driver training program is divided into several levels:

- Initial training

- Refresher training
- Remedial training

Several programs are available through JGS Loss Prevention from associated training agencies such as the National Safety Council and American Trucking Association to provide initial training to comply drivers. Specific topics are presented which address specialized tasks such as load securement, hazardous materials transportation and transportation of specialized cargo (e.g., bulk liquids, refrigerated freights, hazardous waste, etc.), as well as specific loss exposures including backing, turning, passing, spills, etc.

Refresher training is useful for regular drivers to update information on operational changes, new routes, cargo, equipment, government regulations, etc.

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Remedial training covers problems of substandard performance which can be alleviated through corrective training. The need for remedial training is identified through customer complaints, accident involvement, MVR reviews, and/or evidence of vehicle abuse.

This company uses several approaches to driver training:

- Classroom training
- In-vehicle training
- Driver safety meetings

The JGS Loss Prevention programs referenced above are presented in a classroom environment and may require the use of a certified instructor. Topic-specific programs, usually supported by videos, are presented either on a one-to-one self-study basis or in a driver safety meeting environment.

In-vehicle training is most effective for equipment familiarization, cargo handling, pre-trip inspection training, etc., and is recommended for conditions and situations that warrant closely controlled supervision.

This company's driver training program includes (but is not limited to) the following areas:

- Identification of driver trainers
- Company rules and policies
- Equipment familiarization
- Routes and schedules
- Defensive driving techniques
- Government regulations
- Cargo handling
- Emergency procedures
- Emergency warning devices
- Specific, trend-identified exposures

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Driver Motivation

Several JGS Loss Prevention-sponsored incentive programs have been incorporated into this company's fleet loss control program.

The JGS Loss Prevention Safe Driver Award Program provides for formal recognition of individual drivers who establish and maintain superior driving safety records. The award includes a gold-tone, silver-tone and/or bronze-tone lapel pin which designates the number of consecutive years the driver accumulates without encountering a preventable accident. A wallet-sized Certificate of Achievement is also presented to the driver in recognition of his/her superior performance.

The JGS Loss Prevention Motor Fleet Safety Award Program provides recognition to the corporation and/or company facility/location for the achievement of a successful fleet loss control program. This award is presented in the form of a plaque-mounted certificate.

Both award programs are designated for presentation at driver safety meetings. Implementation of additional localized company incentives are encouraged to support the JGS Loss Prevention award programs.

FLEET LOSS CONTROL PROGRAM

A fleet loss control program audit is necessary to ensure that each element of this company's program is functioning properly.

The audit program also provides information on areas where the program needs to be updated due to changes in operations, regulations and/or exposures. The audit program results are essential to the accountability system which underlies the management approach to the overall program.

This company's Fleet Loss Control Program Audit covers the following general areas:

- Fleet Loss Control Policy
- Driver qualification
- Driver training
- Driver supervision
- Vehicle selection, inspection and maintenance
- Routing and scheduling

- Accident reporting, recording and analysis

The audit form is included in Appendix A.

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APPENDIX A

- Drivers Accident Log
- Pre & Post-Trip Vehicle Condition Report Data Guide (F.13641)
- Vehicle Maintenance & Inspection Data Guide (F.13639)
- Vehicle Preventive Maintenance Log
- Fleet Accident Summary Comparison Analysis
- Motor Fleet Evaluation Audit
- AISG Forms

- Driver Qualification
- Application For Employment As Driver
- Inquiry To Past Employers
- Instructions for Performing & Recording
- Physical Examinations
- Examination To Determine Physical Condition Of Drivers
- Record of Road Test
- Written Examination For Drivers
- Scoring Key - Written Examination
- Driver Data Sheet

DRIVER ACCIDENT LOG

Company: _____

Location: _____

Driver Name: _____

Date of Birth: _____ Date Employed: _____

Date Of Accident	Description	P/NP

FLEET VEHICLE PREVENTABLE ACCIDENT GUIDE

Definition of a Preventable Accident

“Any accident involving the vehicle unless properly parked, which results in property damage or personal injury and in which the driver failed to do everything he reasonably could have done to prevent or avoid the accident.”

CLASSES OF PREVENTABLE ACCIDENTS

1. BACKING ACCIDENTS

Responsibility for backing safely is entirely the driver's. Backing is dangerous only if the driver neglects to make sure the way is clear, during the entire movement. Backing should be avoided as much as possible.

2. INTERSECTION ACCIDENTS

Stop lights, stop signs or right-of-way is no protection against collision with violators, funeral processions, fire, police or ambulance vehicles.

3. PEDESTRIAN ACCIDENTS

Whether or not pedestrians have the right-of-way or are jay-walking, pedestrian accidents should not be decided unavoidable unless searching investigation fails to uncover anything the driver could have done to prevent the accident.

4. REAR-END COLLISIONS

Such collisions with the rear of the vehicle ahead or when the vehicle to the rear strikes your vehicle when caused by sudden stops at intersections, grade crossings, passenger stops, when preparing to turn or park, or when improperly parked or allowed to roll back before starting, are seldom excusable. Most rear-end collisions can be avoided by foresight in controlling speed and allowing sufficient following distance. Watch the traffic situation ahead of the vehicle ahead so you can anticipate the need to stop. Stop gradually - not suddenly.

5. TRAFFIC LANE ENCROACHMENT ACCIDENTS

Such accidents result from passing, weaving, squeeze-plays, shut-outs or entering a line of moving traffic. Such accidents are caused by trespassing on the right of others to move in a straight line without interference.

6. ACCIDENTS RESULTING FROM MECHANICAL CONDITION

Any accident blamed on mechanical failure that reasonable and prudent attention could have foreseen, but was not reported for repair, including any accident blamed on mechanical failure as the result of a driver operating his vehicle in excess of its mechanical limits, or from mechanical failure that resulted from a driver's rough or abusive handling.

7. ACCIDENTS WITH FIXED RAIL VEHICLES

Trains and street cars always have the right-of-way, because they run on fixed tracks, cannot dodge or maneuver, and need greater braking distance than rubber-tire vehicles.

8. COLLISION WITH STATIONARY OBJECTS, NON-COLLISION ACCIDENTS, UNATTENDED VEHICLE ACCIDENTS AND MISCELLANEOUS ACCIDENTS

Accidents involving scraping or striking curbs, buildings, signs, trees, posts, bridges, parked vehicles and overhead obstructions and accidents resulting from overturning, running off the roadway or colliding with overhead objects sometimes are caused by taking emergency action to avoid another accident. However, investigation usually reveals that the driver was not driving defensively prior to that instant. If he had, he would not have placed himself in a position where emergency action became necessary. Expert drivers don't depend on their skill to get them out of tight spots. They depend on their judgment to avoid tight spots.

9. ACCIDENTS BLAMED ON ADVERSE WEATHER CONDITIONS

Rain, fog, snow, sleet or icy pavement do not cause accidents, but add more hazards to driving, and make the normal hazards worse. Accidents blamed on skidding or bad weather conditions are classed as preventable, because they can be prevented by reducing speed, installing skid chains, using sand, or most important, stopping entirely if the going gets too tough to continue safely.

10. PARKING ACCIDENTS

Unconventional parking locations, including double parking, failure to put out warning devices, etc., generally constitute evidence for judging an accident preventable. Roll-away accidents from a parked position normally should be classed preventable. This includes unauthorized entry into an unlocked and unattended vehicle, failure to properly block wheels or turn wheels toward the curb to prevent vehicle movement.