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DISTRACTED DRIVING & THE COST TO FLEETS

True Costs and the Impact it has on your Fleet

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THE COST AND IMPACT TO YOUR FLEET

Distracted driving incidents and crashes impact your fleet financially, legally and even your brand. The financial burden of crash-related expenses can be overwhelming. When a distracted driving crash occurs, it costs the employer on [average \\$72,442](#).

Since the pandemic began the number of people who drove daily decreased from 63% pre-pandemic to 47% today, yet distracted driving rose.

- Texting or emailing reached 26%, up from 19% pre-pandemic.
- Checking social media hit 20%, up from 13% pre-pandemic.
- Taking videos and pictures topped 19%, up from 10% pre-pandemic.
- Shopping online more than doubled – 17%, up from 8% pre-pandemic

A recent study done in November 2021, by the American Transportation Research Institute, researched the impact of settlements and verdicts in the trucking industry. Settled cases involving reckless driving were 207.7% more likely to be associated with payments over \$600,000, one of the top three most common cases to have that payment.

Approximately 50.3 percent of all settlement cases in ATRI's data had payments exceeding \$500,000 and average settlement payment for phone use was \$629,375 and the minimum payment for a case involving phone use was \$410,000.

Over the last decade, insurance rates in the fleet industry have increased by [10-15 percent](#) year-over-year. Having accidents on your policy will compound these expenses. When drivers use cell phones while operating a vehicle, it can create serious liability issues for their employers. Under the legal theory of vicarious liability, employers are held responsible for collisions caused by their employees.

One of the main considerations underwriters look at while issuing your policy is your safety and compliance history and the safety measures your fleet takes. Some of the criteria include:

- Driver Training
- Proper Vehicle Maintenance
- Telematics Systems
- Fleet Safety Technology
- Historical Safety Record

- Distracted Driving Incidents

According to the International Loss Control Institute (ILCI), uninsured losses range between [\\$6.50 and \\$43 for every \\$1 paid out by insurance](#) after a motor vehicle collision at work.

Considering 20% of companies reported in 2018 that they had had a driver involved in a motor vehicle collision after using a hand-held phone at the wheel¹ and a single accident can cause insurance rates to increase by 23-33% per year, the odds of operating expenses at your company increasing due to distracted driving are high².

Even a minor fender bender can be an expensive ordeal in costs and lost time and productivity.

- Crashes with only property damage cost on average \$24,500
- Crashes with personal injury cost on average \$150,000
- Crashes that cause a fatality can cost \$7 million+³

In most legal cases, cellphone records are the first item subpoenaed to determine whether the driver was distracted by their mobile device. This can lead to what everyone in the commercial fleet industry knows as Nuclear Verdicts. These verdicts are not common, but the impact of only a handful [can drive double-digit annual insurance inflation](#) for the entire commercial fleet industry.

Employers must consider the indirect costs to a company, as well as costs that are not covered by insurance like loss of potential business and other costs that are incalculable, such as accident-related Worker's Compensation and emotional distress to employees and their families. The NHTSA reported that distracted driving crashes cost the industry \$9.2 billion per year in lost workplace productivity.

Distracted driving crashes not only affect your company from a monetary value, but they also affect your drivers and business operations. The [federal government has designated](#) serious traffic violations to be improper lane changes, following too closely, reckless driving, and distracted driving violations. A commercial driver that receives 2 of these infractions within 3 years will have their CDL suspended for 60 days and with 3 violations a minimum of 120-day CDL suspension.

Distracted driving violations very commonly result in 2 infractions at the same time because the distraction causes them to drive recklessly. Which results in an immediate 60-day suspension of their CDL leading to lost productivity for your company and loss of income for your driver.

When it comes to reporting the total impact caused by distracted driving, we are still limited due to the under-reporting of the total information. The National Safety Council estimates that [27 percent of crashes were caused by cellphone use in 2015](#) when only 14 percent were reported by the [NHTSA](#) in 2015.

² Motus. (2018). *Driver Safety Risk Report*. Retrieved from <http://in.motus.com/driver-safety-risk-report-2018>

³ National Safety Council. (2015, May). *Employer Liability and the Case for Comprehensive Cell Phone Policies*. Retrieved from: [https://www.nsc.org/Portals/0/Documents/DistractedDrivingDocuments/NSC-CorpLiability-WP-lr-\(1\).pdf](https://www.nsc.org/Portals/0/Documents/DistractedDrivingDocuments/NSC-CorpLiability-WP-lr-(1).pdf)