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ADMINISTRATION MANAGER**

BROTHERHOOD OF ST LAURENCE
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**BROTHERHOOD
of St LAURENCE**

**ACCIDENT MANAGEMENT
Reducing the Costs of Accidents, A Case Study**

Sydney 13th May, 1998 4:30 - 5:00

Melbourne 10th June, 1998 4:30 - 5:00

Introduction:

My presentation will build on those of Narelle and Colin in that it is a practical application in accident management techniques and shows that achievements are possible.

Firstly, I will deal with how we realised that we had a problem, followed by our early attempts to address it.

I will then cover our follow up actions, which eventually resulted in a significant improvement, and our plans for the future.

BROTHERHOOD LOGO ON

Background:

The Brotherhood of St Laurence is a major Victorian organisation providing community services predominantly to the aged and to the socially disadvantaged.

Although we are a charity, we are also a large employer with most of the obligations that any commercial business would incur. We have a paid workforce of over 500 and over 1200 volunteers. We are bound by the requirements of workers' compensation legislation. We run a fleet of around 65 vehicles which we are required to insure. We also endeavour to minimise our operating costs so that more of our income can be directed to our programs and therefore to the alleviation of poverty.

Recognition of a Problem:

The trigger to the possibility of a problem was the ever increasing insurance premium we were being asked to pay. The **recorded** claims experience was that crashes were both frequent and significant and our broker was having difficulty finding underwriters that were willing to accept our risk. In fact in 1994/95 **no** insurer would accept us without large premium penalties and/or higher excesses.

We suddenly realised that crashes, we don't call them accidents, were a major drain on our resources.

This of course did not account for any under excess damage that was rarely reported. The statistics for the early years were therefore in all probability grossly understated.

Obviously, we could not continue in this way. Apart from the prime costs we also knew that each crash also generated hidden costs, estimated at around \$2500, in lost productivity, administration, replacement car etc. that diverted funds from our programs. By any measure, we were spending big dollars unnecessarily.

BROTHERHOOD LOGO OFF

OHI ON

Key measures comparing 92/93 with 94/95 were:

Actual damage \$ increased by 214%

Total number of crashes increased by 28%

Number of "at fault" crashes increased by 55%

Premium increased by 57%

Excess increased by 100%

OHI OFF

Initial Options:

It was plain that drastic action was required. Our first task was to make sure that we were aware of all crashes so that accurate statistics were available and appropriate actions devised.

Shortly before we started the crash program, we had outsourced the management of our fleet. This meant that crash repairs could not be effected without an authority. Automatically, the reporting improved immensely.

An analysis of the crashes indicated that most were “at fault” and were the result of inattention, carelessness or ignorance (sometimes all three). Our first action was therefore, a wholesale effort on improving driver skills.

All existing staff with a company vehicle were required to attend a car control course where emergency and vehicle handling skills were developed or refined. More importantly, drivers were educated on a series of defensive and protective driving systems that controlled drivers exposure to incidents and emphasised the need to use avoidance skills. This project was funded through a donation from the Brotherhood’s insurance broker Willis Corroon Richard Oliver. The families of staff were also able to participate at their own cost but at the corporate rate. New staff appointed and allocated a car were also required to undergo the course, and later, the course was offered to any staff under 25 years of age.

The feedback from drivers who had attended the course was overwhelmingly positive, so we sat back and waited for the improvement we believed to be inevitable.

To our great shock, it did not happen. In fact, that year was our worst on record. I could not believe that it had all been a waste but what had gone wrong? It was time for more advice.

Follow up and Next Steps:

Somewhat sobered, we went back to the providers of the driving courses to see what else we should do. We discovered that the driver training was merely the first step and that constant follow-up was necessary to change **attitudes**.

Basically, we had to show that we cared about crash damage and driver injury. We had to show that we viewed crashes seriously and we had to show that we believed that a change could be achieved.

The contractor provided staff with defensive and protective driver discussions as a follow up to the driver training. These sessions further reinforced the need for staff to recognise that getting behind the wheel of a car is the most dangerous thing most of them do on a daily basis. Videos covering the hidden costs of crashing and how to use ABS properly were also shown. The cost of this part of the program was funded by an internal surcharge on the insurance premium.

The program was supported by a quarterly newsletter advising staff of the company performance and current road issues. The types of issues that were targeted included alcohol, drugs, fatigue, road law, safe driving tips, national fatality statistics, vehicle policy matters, car condition (loose items & tyre pressures), offence statistics and a vehicle claims review.

We also distributed articles of interest with the monthly vehicle performance reports.

Random checks of the car park were done, concentrating on tyre pressures, loose items in the car and the overall cleanliness of the car. The results were published in the staff newsletter.

We ran a series of monthly and a major competition over the year.

Staff who completed a 12 month crash free period, incurred no offences and kept the car in good condition were entered into a draw for a trip for 2 to Tasmania donated by Armstrongs, the BSL's preferred crash repairer. Given the nature of the BSL's business, it is difficult to give staff financial incentives.

The Brotherhood installed a computerised crash/offence recording and analysis program. This program captures claims data on vehicle type, weather conditions, postcode, crash type, road surface, day of the week and driver age. This information is then analysed to identify areas in which drivers require further education.

A structured induction program provided new employees with advice on the expectations of the BSL relating to use of company cars. This ensured from day one that the new employee had a commitment to fleet safety and the way in which vehicles were maintained.

OH2 OFF

Results to Date:

At last we had some positive results.

After the very bad year of 94/95, we saw a significant improvement in 95/96 and again in 96/97.

OH3 ON

Key measures comparing 94/95 with 96/97 were:

Actual damage \$ decreased by	70%
Total number of crashes decreased by	13%
Number of "at fault" crashes decreased by	47%
Premium increased by	5%
Excess unchanged	-

OH3 OFF

Disappointingly, the **number** of crashes has not changed substantially but remember that the earlier years' figures are probably understated. We now record every incident that results in a cost to the Brotherhood, even break-ins.

Perhaps a more valid statistic, given the change in our fleet size over the period, is that the average cost per crash has more than halved.

Internal comparisons are only part of the story. We also consider external measures such as the AfMA Lumley Benchmarks:

OH4 ON

Sedans & Light Comm.	Average	Benchmark	Brotherhood(96/97)
Average cost per crash	\$1728		\$592
Driver at fault	55%	30%	40%
Cost per vehicle	\$500		\$148
Crash rate/100 cars	31	20	25

I think therefore that we have some reason to be pleased, although there are a couple of areas where more work is required. However, this year we have not had the resources to devote to the program and the crash rate is starting to rise. Admittedly, there are included 2 major crashes (\$5000 and \$7500) which did not involve Brotherhood drivers (a contractor and the child of a staff member) but I am not going to exclude them to make it look better. There is still time this year to catch up.

OH4 OFF

This year, we have continued the newsletters, but with a reduced frequency, and launched a competition where drivers are grouped into teams. Crashes and kilometres travelled are calculated monthly and the team with the lowest crash per kilometre ratio at the end of the year will be reimbursed a portion of their insurance premium.

The obvious conclusion from this is that we are still hitting almost as many objects but not nearly so hard. Nevertheless, although we now rate favourably in both internal and external comparisons, we can, and will, do better.

Future Strategies:

We are considering a number of programs to further reduce our cost of crashes:

OH5 ON

Pre-employment checks to identify “at risk” drivers prior to employment. Where a problem is observed, the new appointee would be required to undertake corrective training or may be denied the provision of a car.

A “post-incident questionnaire” so that drivers who experience an incident of any cause could self assess the circumstances and see if their avoidance techniques could be improved.

Drivers who accrue a poor driving record may be required to undergo one-on-one road tuition or may have the car withdrawn.

Examine some way of having at fault drivers paying part of the excess. Already, excesses are charged to the **driver’s** department not necessarily to the department that owns the car.

A working party has been established to consider additional measures.

OH5 OFF

OH6 ON

It is interesting to compare this with our first action of driver training only. How naive this now seems.

OH6 OFF

Conclusions:

The lessons we have learned in this exercise are ones of fortitude and persistence:

OH7 ON

A **change** of organisational culture is possible, and is necessary

The **commitment** of the organisation from the top down is essential

Be **pro-active**, don't wait until it hurts

Drivers must be shown that you are **serious** about driver safety

Start with an attitude that crashes are **not** inevitable

Ensure that **all** data is collected even for minor incidents

Fight complacency - be **ruthless** in the pursuit of improvement

Maintain driver **interest**. The effect of even the best plans tends to plateau out after a while

OH7 OFF

Although our campaign has been driven primarily by statistics, the philosophy of the Brotherhood demands that we consider the human element too.

We recognise the high personal cost to individuals involved in crashes and we will do anything within our means to prevent such trauma to our staff and, more importantly, to our clients.



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Follow up and Next Steps:

- **Driver discussions**
- **Videos**
- **Newsletter**
- **Competitions**
- **Car safety and condition checks**
- **Distribution of relevant articles**
- **Capture of complete data**
- **New drivers fully briefed**



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OH4



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Benchmarks:

Sedans/Light Comm. BSL(96/97)	Average	Benchmark	
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• Driver at fault	55%	30%	40%
• Cost per vehicle	\$500		\$148
• Crash rate/100 cars	31	20	25



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Future Strategies:

- **Pre-employment driver history check**
- **Post incident questionnaire**
- **Intensive tuition**
- **Withdrawal of car**
- **At fault drivers to pay excess**
- **Reintroduce driver competitions**
- **Working party to look at further measures**

OH6



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Initial Options:

- **Car control courses**



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Conclusions:

- **A *change* of organisational culture is possible**
- **Be *pro-active*, don't wait until it hurts**
- **Drivers must be shown that you are *serious* about driver safety**
- **Start with an attitude that crashes are *not inevitable***
- **The *commitment* of the organisation from the top down is essential**
- **Ensure that *all data* is collected even for minor incidents**
- **Fight complacency - be *ruthless* in the pursuit of improvement**
- **Maintain driver *interest*. The effect of even the best plans tends to plateau out after a while**

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- Videos**
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Results to Date:

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 - **Premium increased by 5%**
 - **Excess unchanged -**

Benchmarks:

- **Sedans & Light Commercials**

Average	Benchmark	BSL(96/97)
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Average cost per crash		
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\$1728		
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		\$592
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Driver at fault		
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55%		
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	30%	
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		40%
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Cost per vehicle		
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\$500		
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		\$148
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Crash rate/100 cars		
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31		
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	20	
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		25
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Conclusions:

- A change of organisational culture is possible**
- The commitment of the organisation from the top down is essential**
- Be pro-active, don't wait until it hurts**
- Drivers must be shown that you are serious about driver safety**
- Start with an attitude that crashes are not inevitable**
- Ensure that all data is collected even for minor incidents**
- Fight complacency - be ruthless in the pursuit of improvement**
- Maintain driver interest. The effect of even the best plans tends to plateau out after a while**