

Why fleet risk management isn't just for trucking companies



If you hear the term “fleet risk management” and feel that this doesn’t apply to your organization, you’re not alone. It’s quite common for many organizations to focus risk management efforts on Occupational Safety and Health Administration (OSHA) compliance within their facility. For some fleets, the attention given to company vehicles goes no further than running motor vehicle record checks.

**Basing decisions on this false assumption
is a mistake you simply cannot afford to make.**

The truth is any business with employees on the road faces the risk of soaring costs from accidents involving those vehicles. This includes companies whose employees drive personal vehicles on company business or use pool vehicles. So, whether you have vehicles for:

Sales

Deliveries

Executive use

Field service

Marketing
and events

Employee /
customer shuttles

Any other business
purpose

...you need to stay on top of fleet risk management.



The inherent risk with company vehicles

Did you know that work-related motor vehicle accidents (MVAs) are one of the leading causes of workplace injuries, liability claims, and financial losses? Data from the National Safety Council, for example, shows workers' compensation claims resulting from motor-vehicle crashes averaged \$90,914 in 2021 and 2022.¹

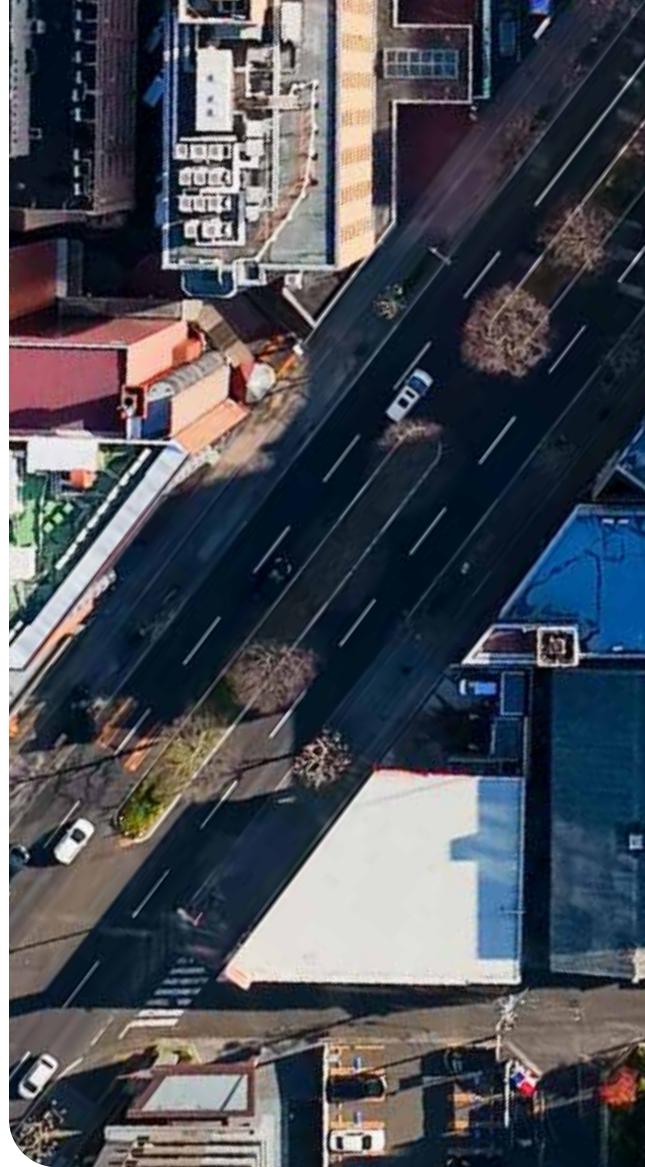
Fleet risk isn't just about the cost of fixing damaged vehicles—it's much more complex than that. Consider the downtime when a vehicle is out of commission, the impact on productivity, or the potential hit to your company's reputation if an accident occurs.

In 2019 alone, traffic accidents cost U.S. employers \$72.2 billion in direct expenses, including medical care, liability, lost productivity, and property damage.²

Managing fleet risk effectively means looking at the **total cost of risk**, beyond just the repair bills.

Hidden costs of fleet accidents

- **Higher insurance premiums** because of frequent claims.
- **Reputational damage** from visible vehicle branding.
- **Insurance fraud**, with fleet vehicles often targeted for staged accidents.



Aren't accidents unavoidable?

Accidents happen.

This is what we say to dismiss minor mishaps around the house. On the road, however, it's a different story. Accidents don't just happen—they are caused.

Studies show that **94% of fleet accidents** are caused by driver behavior. This staggering number suggests that they are preventable with training and monitoring.

Here are some of the leading factors that contribute to driver-caused motor vehicle accidents.

¹ Workers' Compensation Costs - Injury Facts

² Cost of Motor Vehicle Crashes to Employers—2019 – Network of Employers for Traffic Safety

Distracted driving

Distracted driving is defined as any activity that diverts attention from driving. Cell phones are a leading culprit when it comes to distracting drivers. As early as 1997, The New England Journal of Medicine showed using cell phones while driving quadrupled the chances of getting into a motor vehicle collision.³ And with more and more devices now part of our daily lives, the number of accidents from distracted driving has risen.

Cell phones are not the only cause of distracted driving accidents. Other common distractions include:

- Adjusting vehicle controls (e.g., climate settings, mirrors, radio)
- Interacting with passengers (especially children or pets)
- Eating or drinking
- Using in-vehicle infotainment systems or GPS
- Personal grooming (e.g., applying makeup, shaving)



Did you know?

- In 2023, 12% of distracted driving fatalities involved drivers using their cell phones.⁴
- According to the **Network of Employers for Traffic Safety (NETS)**, distracted driving costs employers more than all other deficient driving behaviors combined.⁵
- Recent statistics reveal that there were **3,275 distracted driving fatalities in 2023**, up from 3,142 in 2020.

Drowsy driving

Fatigue is another major factor, as **one in five crash fatalities** involves driver fatigue. The **National Transportation Safety Board (NTSB)** found fatigue contributed to 40% of their recent highway investigations.⁶

³ Association between Cellular-Telephone Calls and Motor Vehicle Collisions | New England Journal of Medicine

⁴ NHTSA Traffic Safety Facts, Research Notes - April 2025

⁵ Distracted Driving | Governors Highway Safety Association

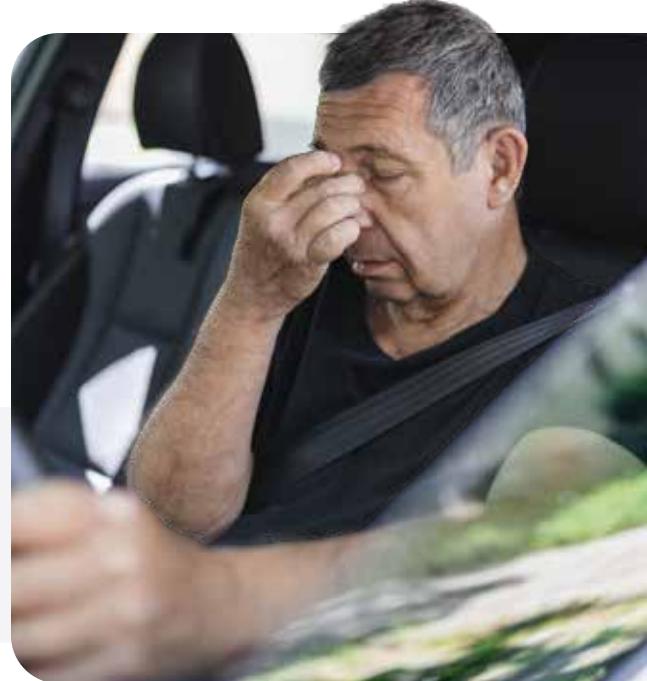
⁶ NETS-Managing-Fatigue-for-the-Fleet-Safety-Professional-2022.pdf

Some of the key modifiable workplace risk factors leading to drowsy driving include:

- Long work hours
- Shift work (especially night shifts)
- Rotating work shifts
- Timing or unpredictability of work schedules
- Jet lag from travel across time zones (3 hours or more)

Did you know?

- Nearly 30% of fatal accidents involve excessive speeds.⁷
- In 2023, speeding caused 11,775 fatalities.



Speeding

Speeding is a major contributor to fleet risk, as it increases the likelihood of accidents, reduces reaction time, and amplifies the severity of collisions. For organizations, this leads to higher vehicle repair costs, employee injuries, legal liabilities, and potential damage to the company's reputation.

Frequent speeding can also result in excessive fuel consumption and wear and tear on vehicles, driving up operational expenses. Addressing speeding is essential for minimizing risks and ensuring safe and efficient fleet operations.

Related behavior indicators

Additional behaviors that can flag high-risk drivers, and may be related to other high-risk behaviors, include:

- **Harsh acceleration** – indicates aggressive driving and may be present when speeding occurs.
- **Hard braking** – could indicate a distracted driver or a speeding driver. Sudden braking increases the risk of a collision with a following vehicle and may not come in time to avoid an accident with vehicles ahead.
- **Hard cornering** – also a form of aggressive driving which could cause loads to shift, and loss of control of the vehicle.

⁷ Speeding - Injury Facts

The fleet risk management ‘perfect storm’ you need to be aware of

Fleet risk management has become far more challenging due to a convergence of external factors.

- 1. Insurance costs** have been steadily rising over the past few years, and this is putting pressure on operating budgets. From 2019 to 2024 commercial vehicle insurance rates have been increasing by a range of 5% to 9%. In the first two quarters of 2024 alone, premiums increased between 9% and 9.8%.⁸
- 2. Longer repair timelines and increasing repair costs** make fleet downtime more impactful. In the first half of 2024, the total cost of repair (TCOR) increased by 3.7% compared to the same period in 2023, driven primarily by labor and parts costs.⁹ Compounding the issues is the fact that labor rates rose by 4.9% year-over-year in the first half of 2024.
- 3. Escalating workers’ compensation costs** are becoming a more significant burden on organizations. In fact, motor vehicle injuries were the most expensive cause of workers’ compensation claims in 2020 and 2021. According to the National Safety Council, the average cost of a single claim was a staggering \$90,914 during that time.¹⁰ Fleet accidents can also adversely affect a company’s Experience Modification Rate (EMR), a key factor in determining workers’ compensation premiums. The Vestige Group, a fleet management software company, estimates that a single accident-prone driver can add approximately 10% or more to monthly workers’ compensation premiums.¹¹



Common points of failure in risk management

Effective fleet risk management requires more than just drafting solid policies—it’s about putting real-world safeguards into action. Your organization may have a beautifully written policy outlining safety protocols, but if those guidelines aren’t actively implemented and reinforced, they fall flat.

To truly reduce risk and keep your fleet running smoothly, you need to bridge the gap between policy and practice. Here are some of the most common points of failure in fleet risk management practice.

⁸ 2025 Market Outlook: Commercial Auto Insurance - Dominion Risk

⁹ CCC Reports Total Cost of Repair Up 3.7% in First Half of 2024 - CollisionWeek

¹⁰ Workers’ Compensation Costs - Injury Facts

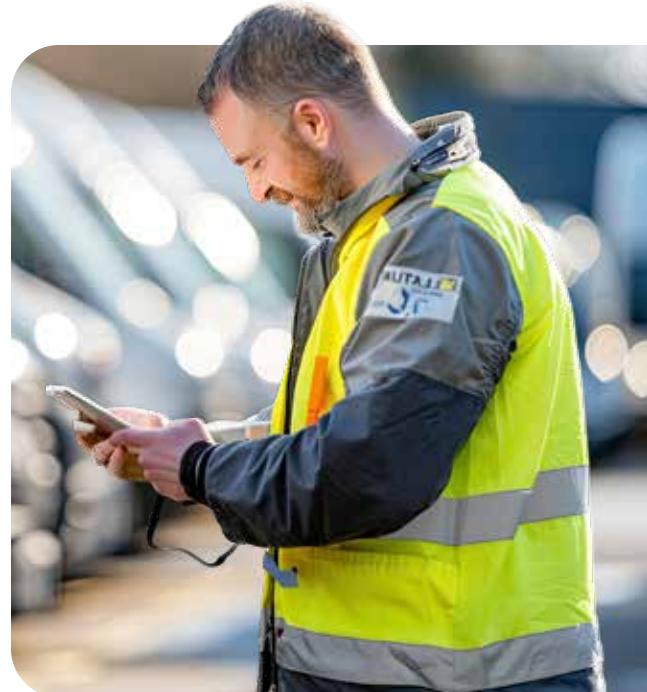
¹¹ Hidden Costs Of Accidents For Your Fleet - The Vestige Group

Mistakes in hiring and training drivers

- Hiring drivers who lack proper licenses or have poor driving histories poses a significant risk to fleet safety. Unlicensed or underqualified drivers may not have the necessary skills to operate vehicles safely, increasing the likelihood of accidents. Similarly, drivers with violations on their driving record may reflect a history of reckless or irresponsible behavior. This creates liability issues for the organization and jeopardizes the safety of other road users.
- When organizations fail to confirm that drivers understand fleet policies, they risk non-compliance with safety protocols and operational guidelines. Misunderstandings about procedures, such as vehicle maintenance or safety practices, can lead to preventable errors or unsafe behaviors. This lack of clarity increases the chance of accidents, operational inefficiencies, and legal liabilities.
- Generic training that isn't tailored to the specific vehicle types or fleet requirements leaves drivers ill-prepared to handle the unique challenges of their roles. For instance, drivers of some specialized work trucks may require different skills compared to those operating sedans. Without targeted training, drivers may misuse equipment, respond poorly to emergencies, or fail to optimize vehicle performance, significantly increasing operational risks.

Gaps in driver monitoring and performance reviews

- Periodic or annual reviews of driver records allow risky behaviors or regulatory violations to go unnoticed for long periods. Without continuous monitoring, companies may be unaware of issues like recent license suspensions or traffic violations. These blind spots expose organizations to an increased risk of unfavorable legal claims and higher accident risks.
- Without tools like telematics, high-risk behaviors such as speeding, harsh braking, harsh acceleration, and hard cornering can go unnoticed. These behaviors not only increase the likelihood of accidents but can also lead to higher insurance premiums and reputational damage. Real-time monitoring helps identify and address these tendencies before they result in serious incidents.



Poor vehicle equipment and maintenance practices

- Advanced safety technologies like Advanced Driver Assistance Systems (ADAS) can significantly reduce the risk of collisions by providing features such as automatic braking and lane-keeping assistance. Without these tools, drivers lack critical support systems that could prevent accidents. Also, improper equipment can hinder the completion of tasks and increase the risk of incidents due to operator error.
- Regular preventative maintenance ensures that vehicles remain in optimal working condition, reducing the chance of unexpected breakdowns. **Skipping maintenance can lead to mechanical failures like brake malfunctions or tire blowouts**, both of which can cause accidents. Poor upkeep also accelerates wear and tear, leading to higher long-term costs and decreased fleet reliability.



Strategies to reduce fleet risk

Keeping drivers safe, minimizing fleet risks, and cutting costs all come down to having a solid risk management strategy in place. It's not just about reacting to challenges—it's about thinking ahead and putting proactive measures in place to avoid issues before they arise. This means combining the right tools, training, and policies to protect drivers while keeping operations smooth and costs in check. Here are some strategies to help reduce fleet risk.

1. Establish policies for comprehensive driver screening and monitoring

To ensure you're putting the best drivers on the road, it's crucial to implement more rigorous hiring standards. Take the time to carefully screen applicants and regularly check motor vehicle records (MVRs). This helps identify any red flags early and ensures your team is made up of safe drivers you can trust.

Hiring the right drivers is just the first step—you also need to monitor their driving behavior. Use technology to your advantage by collecting real-time driving behavior data. Dashcams, GPS trackers, and telematics systems can give you instant insights into how your drivers are performing on the road. This not only helps improve safety but also builds accountability and fosters better driving habits over time.

2. Use technology to improve safety

Driver-facing technologies are changing the game when it comes to safety and business protection. Here are some of the technologies making the biggest impact:



Telematics systems are like having a personal assistant for your fleet. They keep an eye on vehicle health and driver behavior, helping you stay ahead of potential issues before they become costly problems. It's all about smarter, more efficient operations.



Dashcams are a driver's best friend. With both inward- and outward-facing views, they don't just record the road, they promote accountability, reduce risks, and even provide crucial evidence if legal disputes arise. Plus, they're a powerful tool for encouraging safer driving habits.



ADAS (Advanced Driver Assistance Systems) take safety to the next level. With features like forward collision prevention and lane-keeping, these systems can reduce the risk and severity of accidents by over 60%. That means fewer injuries, and less downtime.

3. Boost driver engagement with training

Empower your drivers to take ownership of safety by providing personalized training. Focus on the common challenges your fleet faces and give drivers the tools to improve their skills. When training is relevant and actionable, it helps drivers feel more confident and capable behind the wheel.

Take things a step further by incorporating driver engagement apps. These tools make safety fun by introducing gamified incentives like rewards for safe driving habits. It's a great way to motivate drivers while building a culture of accountability and friendly competition.

4. Simplify post-accident procedures

Streamline **First Notice of Loss (FNOL)** processes to gather all details quickly and accurately. These details support subrogation, liability identification, and the identification of root causes.

5. Invest in preventative maintenance

Reducing your fleet's risk profile starts with keeping your vehicles roadworthy and safe. Start by scheduling regular inspections based on the recommendations from your vehicle's manufacturer. These check-ups help catch potential issues early, saving you from costly repairs or unexpected breakdowns later on.

In addition to routine maintenance, commit to a thorough yearly inspection. This ensures that all safety-related equipment—like brakes, lights, and tires—is working perfectly, giving you peace of mind every time you hit the road.

Proven strategies, real results

It's one thing to talk about fleet risk in theory. It's another to see these practices used in real-life and see the quantifiable difference they made. Below are two actual case studies from Element Fleet Management using many of the practices discussed in this whitepaper.

Leveraging driver behavior data through connected fleet options

A national sales and service fleet applied comprehensive data-driven safety measures, resulting in a **33.9% reduction in collision rates over three years**. By combining proactive training, telematics, and policy alignment, the company saved more than **\$5.6 million** in associated costs.

Improving driver behavior with real-time monitoring

A transportation fleet in the logistics industry was struggling with inconsistent driver behavior, rising fuel costs, and a need for better compliance. They implemented telematics to address safety and efficiency challenges, achieving:

31% fewer motor vehicle convictions after just 10 months.

8.4% drop in Collision Per Million Miles (CPMM) rates.

12.7% shift of drivers into safer behavior categories.

These examples highlight how a structured and consistent approach improves fleet risk profiles.

Reducing fleet risk is within your control

Managing fleet risk can be challenging, but it doesn't have to be overwhelming. By tackling common issues and using proven strategies, you can increase safety, reduce risks, and save money. This means ensuring you:

Implement well-rounded driver policies and training programs.

Enforce continual monitoring of driver behavior and equipment upkeep.

Leverage advanced technology to gain insights and mitigate risk.

Create a culture of safety through engagement and accountability.



About Element

Element Fleet Management (TSX: EFN) is the largest publicly traded pure-play automotive fleet manager in the world. As a Purpose-driven company, we provide a full range of sustainable and intelligent mobility solutions to optimize and enhance fleet performance for our clients across North America, Australia and New Zealand. Our services address every aspect of our clients' fleet requirements, from vehicle acquisition, maintenance, route optimization, risk management, and remarketing, to advising on decarbonization efforts, integration of electric vehicles and managing the complexity of gradual fleet electrification.

Clients benefit from Element's expertise as one of the largest fleet solutions providers in its markets, offering economies of scale and insight used to reduce operating costs and enhance efficiency and performance. At Element, we maximize our clients' fleet so they can focus on growing their business.

To learn more, visit elementfleet.com