

## National Interstate

### Your Personal Risk Management Consultant

We've all seen and heard recent headlines like: Tour Bus Crashes in West Coast; Sleep Apnea: Danger Behind the Wheel; Multiple School Buses Catch Fire; Slip/Fall Cases Increase Workers' Comp Costs. *So how do you rate your company's safety program? Do you promote a culture of safety, or have you just been lucky? Most passenger transportation operators agree that it's better to be proactive instead of reactive, but what is your insurance company doing to help you minimize your risk?*

Over the past two years, National Interstate Insurance Company's affiliate, Safety Claims and Litigation Services, LLC (SCLS), has completely restructured its risk management program, doubling its staff, regionalizing its consultants and making significant enhancements to program offerings. While many loss prevention programs focus on auditing and compliance, SCLS has moved to a higher level program built on three main competencies: **reducing hazards, limiting risk exposure, and modifying safety behavior.**

#### Reducing Hazards

Even minor safety violations can be just one step away from a major catastrophic accident. The Frank Bird Study resulted in what most safety professionals know as the injury triangle. That is, for every one major catastrophic incident, there are 10 minor injuries, 30 minor property damage incidents and over 600 near-misses. Operators need to drive down the frequency of minor incidents and near misses, and National Interstate and SCLS believe the best way to do so is by having a Comprehensive Safety Plan (CSP).

**"An effective CSP sets the stage for a culture of safety," National Interstate Senior Vice President Terry Phillips said. "It begins with your company's safety mission statement and management's commitment to safe practices above all.** The CSP should also contain results of data analysis and hazards as they relate to each job, as well as major policies and procedures. Most importantly, the CSP should state your company's objectives for improving safety, and the mechanism which will be used to monitor and track the success of the plan.

"We believe the CSP is the cornerstone for establishing a company's safety culture, but it is up to everyone from the owner down to take accountability for safety and live this commitment every day. Our regional risk management consultants guide customers in developing a CSP tailored to their specific needs."

#### Limiting Risk Exposure

An organization can only be as successful as its employees, and this couldn't be truer for passenger transportation companies who serve the public daily. As an effective way to limit exposure, National Interstate and SCLS recommend a thorough evaluation of the hiring process.

**"It is absolutely essential to not only hire the most qualified employees, but also to have a method to ensure they are in the right jobs,"** said Julie Croushore, National Interstate's Director of Risk Management. "We recently partnered with an industry-leading company to provide a scientifically proven online applicant tracking system, combined with a behavior assessment that distinguishes safe drivers from risky drivers. And, for our clients with workers' compensation coverage, we offer a program for development of a physical

abilities testing, or PAT, program. Having a PAT is really one of the best ways to determine if your employees can perform the essential functions of their jobs, and can significantly lower your workers' compensation claims and other expenses."

#### Modifying Safety Behavior

Every day employees must make decisions on whether to take a safe action versus an unsafe action, and some can literally mean the difference between life and death. Fostering a culture where employees choose safety over a shortcut, begins with effective orientation and training programs.

Last year, SCLS launched [www.sclsonline.com](http://www.sclsonline.com) as a tool for safety managers to bring training resources to their employees.

**"We are pleased to provide our customers with a dynamic platform that brings access to cutting-edge tools, including an online streaming video library with over 300 titles. The site also offers discounted web-based DOT and OSHA training, plus preferred pricing on compliance materials,"** Phillips notes.

In March 2012, SCLS began providing a bus driver training course to school bus

clients insured with National Interstate.

"Insurance premiums are derived from expected losses." Phillips continued. "This program provides our customers with the best tools to help control their insurance costs while making transportation safer for children."

Another one of the company's key safety initiatives is its accident event recorder (AER) program, established in 2006. AER technology is designed to monitor driver behaviors, identify unsafe driving habits, and allow coaching of those behaviors before they turn into serious accidents. Since AERs record video and audio clips of driving incidents, they can also be an excellent defense against baseless claims.

"We are frequently asked if AERs actually help reduce accidents and lower costs, and we believe the answer is 'yes,'" added Croushore. "After reviewing the driving behavior and incidents of 39 companies over a six-month period using AER technology, companies were able to **save upwards of 24 percent on their losses per AER installed. So, for a company with a fleet of 50 vehicles, that's a claims cost savings of nearly \$32,000 per year.** And, looking at the accident frequency before and after installing AERs, those same 39 companies in our study were able to **reduce the number of incidents by nearly 10 percent in just a six-month period.**"

Moving forward, National Interstate and SCLS plan to continue enhancing their risk management programs and services.

"We are differentiating ourselves with this consultative approach, by analyzing where our customers' losses are coming from," Phillips added. **"Our goal is to make the insurance purchase more than just a financial transaction. We want to make it a way for operators to run the safest company possible."**

Contact your insurance agent or  
**Mike Bissler at 800-929-1500 x1349,**  
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*Service levels may vary by insurance program.*

# NATIONAL INTERSTATE: IMPROVE OPERATIONS. IT'S WHAT OUR PERSONAL RISK MANAGEMENT CONSULTANTS DO.

It's out with the audit and compliance-based approach to risk management, and in with what you really need: A proactive safety consultant. By focusing on three main competencies — reducing hazards, limiting risk exposure, and modifying safety behaviors — our program goal is to help you cut down on the frequency and severity of losses. Through our affiliate, Safety Claims and Litigation Services, LLC, we're looking beyond rules and regulations to find ways to change dangerous, accident-causing behaviors. At National Interstate, it's proactive rather than reactive. That's how we built an insurance experience around you.



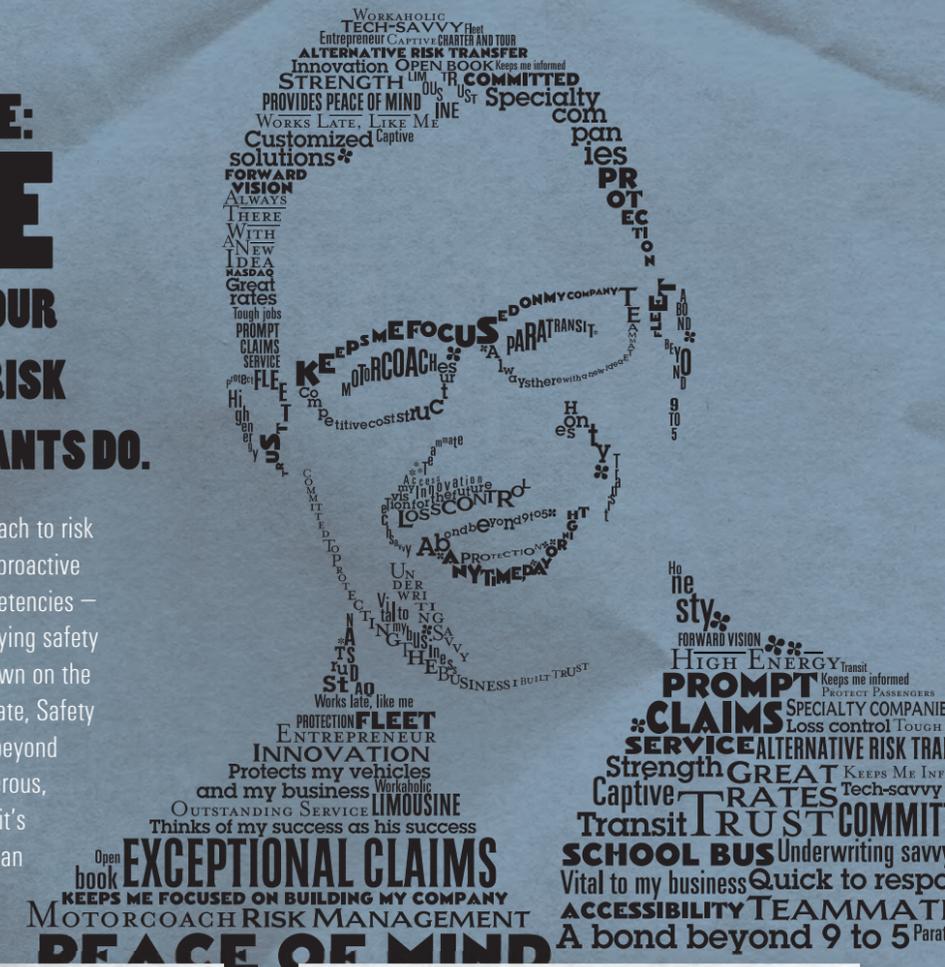
JOHN, CIT CHARTERS

"National Interstate works with us to develop a safety conscious company. I am amazed with the access to staff at National Interstate. They are knowledgeable and extremely helpful, **working diligently to answer our questions and help us through whatever problems we may be experiencing.** Their expertise is extremely valuable as we direct the safety culture of our company."



DAVID, BRT CHARTER SERVICE

"I've been in National Interstate's alternative risk program since its inception. And **I am always astounded by the safety programs its affiliate, SCLS, has conducted over the years.** For example, we recently attended a tire and safety session which demonstrated the incredibly destructive power of faulty tires. Educational programs like that have helped minimize our exposure to risks and better control costs."



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