

As Dangers on Roadways Increase, Safety Awareness and Control of Auto Risks Critical

As the number of drivers on U.S. roadways continue to increase, the risks and exposures associated with higher motor vehicle use have also risen.

In 2015, miles driven by automobiles logged the largest annual increase in 25 years, with mileage increasing 3.5% over the previous year. The trend has continued through the summer of 2017, as indicated by a 2.4% rise in automobile travelers on Memorial Day alone, compared to the prior year, according to AAA.

Meanwhile, preliminary data from the National Safety Council show the increased motor vehicle mileage, combined with reckless and distractive driving activities, has made driving more dangerous. In 2016, as many as 40,000 people died in motor vehicles crashes, a 6% rise from 2015. The data suggests 2016 may have been the deadliest year on U.S. roads since 2007.

During the recession, when there were fewer cars and drivers on the road, auto claims were lower. However, as the economy improved, gas prices fell, and car sales increased, the trend reversed. For insurers, accident severity, cost to repair newer and more expensive cars, and soaring medical care costs have drastically increased the cost of claims.

Given all the exposures and risks associated with driving, standard auto insurance policies typically do not provide adequate coverage for high net worth individuals, families with expensive vehicles or teen drivers. In addition to learning top road safety rules, today's drivers need comprehensive auto insurance to protect themselves, families, expensive vehicles and financial assets.



Too Many Distracted Drivers

Federal estimates suggest that 16% of all fatal crashes, around 5000 deaths a year, is a result of distracted driving. Cell phone use involves one out of every four auto accidents.

Teens are among the drivers most impaired by distraction. A recent AAA Foundation in-car study showed that teen drivers were distracted almost a quarter of the time by electronic devices and behavior such as texting, emailing, and downloading music.

While GPS and tracking systems in newer vehicles have improved safety and connectivity to emergency resources, these and other built-in systems, such as streaming music and Wi-Fi, also distract drivers.

One way to prevent cellular distractions is to utilize hands-free headsets or the vehicle's in-built phone system. This practice is necessary regardless of whether there is a state law in place. Additionally, many phones have a do not disturb/driving mode that can send automatic replies informing senders that you are driving and will get back to them when you arrive.

Increase in Legal Marijuana Use

The risk of being involved in an auto accident may be higher if you reside in a state where recreational marijuana use is legal.

A new study shows legalizing recreational marijuana use in Colorado, Oregon and Washington has resulted in collision claim frequencies that are about 3 percent higher overall than what would have been expected without legalization. This finding is based on analysis conducted by the Highway Loss Data Institute (HLDI), which looked at how the legalization of marijuana since 2014 has affected crashes reported to insurers.

To lower the risks of teens getting involved in marijuana-related accidents, parents need to educate their children on the effects of marijuana use, the same way they discuss drinking or driving under the influence of alcohol.

Individuals residing in states where marijuana use is high should consider obtaining an auto policy with higher limits to prevent underinsured exposures.

The Sharing Economy

The ride-sharing industry, dominated by providers like Uber and Lyft, has resulted

in more drivers using their personal vehicles for commercial purposes. Most of the drivers who work in this industry do not have a livery driver's license, and their cars are neither registered nor insured as commercial vehicles. They present a host of unique exposures to other drivers and the traveling public.

For instance, since a personal auto policy is designed to cover only the personal use of a private-passenger vehicle, not the commercial use of a vehicle, some ride-sharing operators may be driving without adequate coverage, putting themselves, passengers and other drivers at risk.

Numerous state insurance regulators have warned that passengers are taking a risk when they pay for a ride with an uninsured—or underinsured—driver. In the event of an accident, an injured passenger may not be able to recoup damages, as they would from a traditional licensed and commercially insured taxi or limousine service. The same would apply to drivers and passengers of a vehicle that is involved in a collision with an uninsured ride-sharing operator.

Individuals who regularly utilize Uber and other ride-share options should review their personal auto insurance policies with their insurance agent to ascertain that adequate uninsured and underinsured motorist's coverage is in place. This is particularly important for ride-share users in states with low auto insurance compulsory requirements.

Technological Improvements

There is no doubt advances in technology have made cars safer. Anti-lock brakes, airbags, brake lights, lane change warnings, automatic tire pressure monitors, and back up cameras, are now fairly standard features in many vehicles.

More advancements are expected to hit the roadways soon, the most anticipated

being autonomous or self-driving vehicles. These vehicles use powerful sensors and computers to transport people and freight without the need for a driver. Traditional automakers, Ford and General Motors, and technology players like Google and Tesla are currently testing self-driving cars, pushing to get them to market within the next five years.

However, many believe the success of self-driving cars depends on critical roadway infrastructure development.

Other technological advances that would improve road safety are:

- Mobile devices that block text reception while a car is in motion. Some insurance carriers are offering these devices free of charge to clients with teenage drivers.
- Heads up displays for maps or messaging
- Factory installed navigation systems
- Aerial view of surroundings for parking
- Cruise control that adjusts for other vehicles

Take Control of Your Auto Risks

Like insurers, drivers need to take control of their auto risks. There are number of things that can be done, including thoroughly investigating safety features on vehicles before purchasing, and learning about the dangers of distracted driving.

A professional risk adviser can assist drivers, including individuals who own expensive fleets of vehicles or collectible cars, determine the right auto coverage that addresses their unique exposures and meets their budget and risk parameters. A risk adviser can also help to design coverage that utilizes all available credits

from companion policies and safety features to billing options. A well-designed auto insurance program should integrate with financial and estate plans.

In addition to the use of sophisticated analytics, USI's Personal Risk team takes a common sense approach to everyday dangers by focusing on practical steps to reduce or eliminate the risk first, while also providing tailored coverage to mitigate any potential disasters.

To learn more about how USI's Personal Risk Team can help with your auto insurance needs, contact your local USI representative or visit www.usi.com.

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