



2006
Outstanding Program Awards
Application

Program Title: Online Driver Training Program

Check one: Individual State Award Partnership or State/Private Entity

NASCA Member State: West Virginia

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Department or Corporation: WV Department of Administration

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Deadline: March 1, 2006

The application package must be received no later than March 1, 2006 for consideration.

Submit nominations electronically to NASCA Staff at nasca@csg.org. Or mail a CD or disk to: NASCA, c/o Council of State Governments, 2760 Research Park Dr., PO Box 11910, Lexington, KY 40578-1910. All submissions must be submitted electronically including copies of the justification and executive summary.

NASCA AWARD APPLICATION

“ONLINE DRIVER TRAINING PROGRAM”

Department of Administration West Virginia Board of Risk and Insurance Management

Submitted by:

Robert W. Ferguson, Jr., Cabinet Secretary
Department of Administration

A.) Award Category

The Driver Orientation Program offered by the West Virginia Board of Risk and Insurance Management (BRIM) is applying for an individual state award. The Board of Risk and Insurance Management is organizationally structured under the Department of Administration.

B.) Executive Summary

The West Virginia Board of Risk and Insurance Management (BRIM) is charged with the responsibility for the insurance and risk management needs of the State of West Virginia. The State reports a total of 37,118 employees and 7,786 vehicles as well as another 7,177 pieces of mobile equipment.¹

When you combine the number of employees with the number of operational units, the automobile exposure to the state is formidable. For Fiscal Year 2004, a total of 1,999 claims have been presented, resulting in indemnity payments totaling \$7,426,363. An additional \$1,702,762 is pending in reserves on open claims. The average paid automobile loss for the year stands at \$4,589.²

¹ As of January 17, 2006.

² Also as of January 17, 2006

In its search for ways to reduce both the frequency and severity of automobile losses, BRIM instituted a program for on-line driver training for certain state employees and tied participation to a series of credits and surcharges. Between October 2004 and the present, a total of 18,160 state officials, appointees and employees completed the training program.

BRIM will have to monitor claims for a number of years before it can make a determination as to the full extent of the program's success; however, BRIM has applied \$82,721 in credits and \$17,281 in surcharges for the automobile premium, based solely on loss control measures, for State agencies for Fiscal Year 2007. Pending a final analysis, BRIM is confident that more than 18,000 driver training program completions will lead to a positive outcome.

C.) Program Description

BRIM distributed a letter to the head of each State agency asking for a listing of all employees who drive a state vehicle as part of their employment. They also requested a separate listing of all employees who drive their own vehicles on state business with such regularity as to require the filing of an expense account for mileage reimbursement at least three times per fiscal year. Using the responses received, BRIM compiled a database of nearly 20,000 individuals who were targeted as employees who should complete the training. A subsequent letter was issued explaining this program, the individuals who should participate, and the credits and/or surcharges that would be implemented based on the level of participation in the program.

An agency could receive up to a 2% automobile premium credit if 90% or more of their reported drivers completed the program within the specified timeframe. Conversely, the agency could receive up to a 5% surcharge if 80% or less of their reported drivers completed the program within the specified timeframe.³

³ At the same time, BRIM implemented other loss control initiatives for automobile and other coverages. The other initiatives also involved a credit and/or surcharge based on participation level.

BRIM partnered with Smith Systems Driver Improvement Institute, Inc., for utilization of “The Smith System Online Driver Training Course-Small Vehicle Forward Motion”. The Smith System program required Internet capability and a password to access the training program which took less than one hour to complete.

The participant first obtained a password from BRIM and then completed the program at his or her leisure. Participants were given a nine month period to complete the program. There was no scoring for the program; however, it could not be completed until the participant correctly answered all of the questions asked. If a participant answered incorrectly, he would be redirected to the specific training portion of the program where that particular material was covered.

Once all questions in a section were answered correctly, the participant was allowed to proceed to the next section. When the entire program was successfully completed, the system would issue a *Certificate* to the participant. The successful participants were given the added benefit of being able to submit their *Certificate* to their personal auto carrier for a discount, if such was available.

At a predetermined time, each agency was required to submit a completed Loss Control Questionnaire, along with supporting documentation. Upon receipt, each agency was graded on its loss control and risk management efforts and credits and surcharges were applied accordingly. When each agency was apprised of its BRIM premium for the coming fiscal year, the letter specifically noted the loss control credit or surcharge that was applied. Greater attention to loss control should follow from the imposition of these credits and surcharges as those who were surcharged will look for ways to remove the surcharges and those with credits will be rewarded for their efforts.

D.) Calculated Savings

As indicated previously, it will take a number of years before we can point to specific data to show that losses have been reduced as a result of our efforts. We can immediately determine that more than 18,000 individuals have been exposed to safe

driving practices and techniques, some perhaps for the first time since they received their drivers' license.

Knowledge is the key to loss control and risk management. The more knowledgeable a group is with regard to losses, their causes and how they can be prevented, the more likely it is that similar losses will be prevented in the future. In that regard, BRIM managed direct contact with more than 18,000 individuals which can only be viewed as a positive step. It is without doubt that this innovative program will result in positive outcomes for the State.

From a pure dollars and cents standpoint, certain State agencies, as indicated earlier, are seeing a reduction of automobile premiums of \$82,721, based on their loss control efforts. Other agencies are being billed an additional \$17,281 based on their lack of effort. These are real dollars which affect, either positively or negatively, the amount of money available for an agency to complete its mission. When budgets are tight, risk management is the one activity of government that can result in a monetary savings, without a corresponding cut in employees or customer service.

E.) Quantitative Benefits

- a) Up-to-date, substantive driver training for the individual at no cost to the driver or the agency for which he or she is employed;
- b) Direct savings on automobile premiums, based on credits applied for successful completion;
- c) Incentive to State agencies that receive a surcharge to remove that surcharge and the negative connotations attached;
- d) Lesser automobile premiums equal more money for an agency's mission and goals;
- e) A safer driving public who must interact with state employees on the streets and highways;
- f) Fewer accidents mean less time away from work for employees;
- g) Fewer accidents mean fewer Workers Compensation claims and less premium for that coverage;

h) Fewer accidents mean less money from the budget for automobile repairs (deductibles);

F.) Applicability of Other Entities

Any organization, governmental or private, would profit by implementing driver training for its employees. Incentives will increase the likelihood of participation and should be considered as part of any loss control program.