

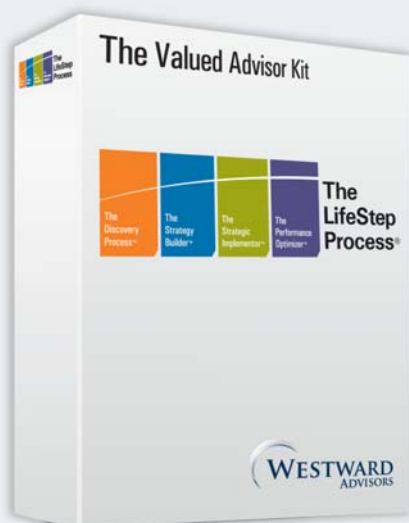
UNDERWRITING CONSIDERATIONS DRIVING TO DISTRACTION

Overview

An insurance applicant's driving record has long been a mainstay of the risk selection process. Historically, speeding and driving under the influence (DUI) were the main culprits that fast-tracked an insurance file to issue with a "rating" or to the "Risk Not Acceptable" receptacle.

Underwriters now consider additional factors, and this article touches on two of those: drowsy driving and distracted driving.

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Drowsy Driving

Perhaps the result of a hyperactive, sleep-deprived society, sleepiness at the wheel has almost the same fatal crash risk as excess alcohol. It is now so prevalent it accounts for 15% to 33% of all fatal crashes and, in one reported survey, 4.2% of drivers have admitted to falling asleep at the wheel in the last 30 days. The risk relates directly to the number of hours of sleep and the risk of falling asleep while driving increases fourfold at 5 hours or less of sleep per night and twofold with only 6 hours of sleep when compared to the benchmark 7 to 9 hours. For this reason, underwriters pay attention to complaints of fatigue or when there is a history of obstructive sleep apnea in the client history.

Distracted Driving

Driving while distracted has become, unquestionably, a major concern among insurers in North America and perhaps worldwide. Whether the distraction is dialing a cell phone, texting or even drinking from an open container or any activity that could divert a person's attention away from driving, the risk of life is significant. According to the National Highway Traffic Safety Administration (NHTSA) in the United States, 3,331 people were killed in crashes involving distracted drivers in 2011. An additional 387,000 were injured. The number killed rose to 3,477 deaths and 391,000 injuries in 2015. At any given moment during the day in North America, approximately 700,000 drivers are using cell phones while driving, inferring the potential for more fatalities and injuries continues unabated.

As a result, underwriting guidelines now reference distracted driving and the more egregious offenders are liable to pay more or be refused outright.

The underwriting bottom line is also simple and telling: *distracted drivers are risky drivers - and underwriters are paying attention.* The risk is to themselves and their communities with increasing financial and legal ramifications.

THE NUMBERS ARE SIMPLE AND TELLING:



Distracted drivers are **TWICE** as likely to take psychiatric medications



Cell phone dialing increases the crash risk **6X**



Texting while driving increases the crash risk **23X**

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Sources: United States Department of Transportation Report on Distracted Driving; Canada Safety Council paper on driver fatigue Vol. Liii No. 2 April 2009; Transport Canada publication on Road Safety in Canada, TP 15145 E Cat.T46-54/1-2011E, ISBN 978-1-100-18621-4, 2011.