

# the Quill

a quarterly publication on safety & risk management

# PERFECT TRIPS

8 TIPS FOR YOUR PERFECT TRIP

## What's Inside?

- + **Are you hiring from the bottom 30 percent?**
- + **Special Investigation Unit: Fighting insurance fraud**
- + **OSHA Overview: Illness and injury recordkeeping**



Your fleet is only as good as the drivers you hire. Given the driver shortage, it's tempting to pick the low hanging fruit while looking to fill openings. These are drivers who are available to start immediately. There's likely a reason for that and on pages 9 – 11 you'll learn how to push past these seemingly good applicants to find quality, safe, loyal drivers.

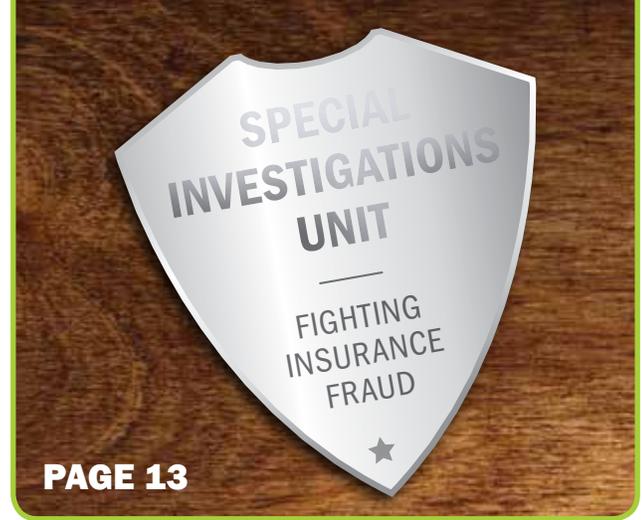
Also in this issue, we continue examining safety as an operational tool. On page 5, we present the concept of "perfect trips" and how they can benefit your fleet. The article also provides eight tools that will help your fleet make these trips possible.

We're excited to introduce a new section in The Quill called OSHA Overview. We know that OSHA regulations can be complex, overwhelming and ever-changing. Our goal with this section is to highlight and explain a different regulation in each issue to help you remain in compliance. We started with illness and injury recordkeeping, on page 3, but we welcome your suggestions for topics you'd like to see covered in future issues. For a more detailed look at OSHA regulations, we are now offering a 10-hour General Industry Certification course. Learn more on page 4.

As always, please contact me with any feedback on this issue. I can be reached at [thequill@baldwinandlyons.com](mailto:thequill@baldwinandlyons.com) or 800-644-5501 ext. 2692.

Yours in safety,

Dennis Shinault, CDS  
Director of Loss Prevention



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## What does The Quill mean?



The founders of Baldwin & Lyons chose the quill as a symbol to represent their property and casualty insurance company. It was a fitting choice. The quill was the dominant writing instrument for more than 1,000 years, longer than any other; perhaps because of its fine stroke and great flexibility. Likewise, for more than 80 years, Baldwin & Lyons has maintained a stable presence in the property and casualty insurance market and is a recognized leader in the transportation industry. With an intense focus on results, the company has grown and diversified.

The information in these articles was obtained from various sources. While we believe it to be reliable and accurate, we do not warrant the accuracy or reliability of the information. These suggestions are not a complete list of every loss control measure. The information is not intended to replace manuals or instructions provided by the manufacturer or the advice of a qualified professional. Baldwin & Lyons makes no guarantees of the results from use of this information. We assume no liability in connection with the information nor the suggestions made.

## Look for us at TCA!

Our Loss Prevention Department will be attending the TCA Safety & Security Division Annual Meeting on May 18 – 20 in St. Louis, Mo. We will be actively participating in the meetings and look forward to seeing our insureds and friends in trucking industry.

## Trucking Moves America Forward

A new initiative was announced at the 2013 ATA Management Conference & Exhibition that aims to establish a long-term, industry-wide movement to create a positive image for the industry, to ensure that policymakers and the public understand the importance of the trucking industry to the nation's economy, and to build the political and grassroots support necessary to strengthen and grow the industry in the future. Learn more about Trucking Moves America Forward and how your fleet can become involved by visiting [www.truckingmovesamerica.com](http://www.truckingmovesamerica.com).

## Old Dominion receives kudos for going green

Commercial Carrier Journal profiled Old Dominion in the Innovators section of the November 2013 issue. Highlighted in the article was Old Dominion's commitment to corporate sustainability, including opening its first LEED (Leadership in Energy and Environmental Design) certified service center, installing energy-efficient bulbs in 80 percent of its lighting systems and installing a solar panel photovoltaic system at its warehouse.

President and CEO David Congdon told CCJ that Old Dominion has made a promise to customers, shareholders and employees alike to enhance their corporate sustainability efforts. They are always exploring ways to reduce their carbon footprint.

Baldwin & Lyons commends Old Dominion on these green efforts!

## About Baldwin & Lyons

Founded in 1930, Baldwin & Lyons specializes in marketing and underwriting insurance for the transportation industry. Today, we operate three domestic property and casualty insurance companies providing both admitted and excess and surplus lines platforms, a Bermuda-based captive solution, a fully licensed Canadian branch and two brokerage firms. Our companies accept risks covering more than a dozen different specialty products and services and provide brokerage services for virtually any property and casualty risk. We have a vision and plan for growth that is supported by our stability, experience and commitment to innovation. With an intense focus on our mission and strict adherence to our values, Baldwin & Lyons has been able to achieve consistent results for the benefit of all stakeholders.



**IN CASE YOU MISSED IT** Did you know you can view archived issues of The Quill online? Visit [www.baldwinandlyons.com/the-quill](http://www.baldwinandlyons.com/the-quill) to access the archive. To request additional hard copies of a certain issue, email your name, company and address to [thequill@baldwinandlyons.com](mailto:thequill@baldwinandlyons.com).



After reading this issue of **The Quill**, we want to hear from you! Do you have a useful resource for educating your drivers that our readers should know about? Are there topics you'd like to see covered in future issues? Send your feedback and ideas to [thequill@baldwinandlyons.com](mailto:thequill@baldwinandlyons.com).

# Injury and illness recordkeeping

**W**ith so much emphasis being placed on CSA scores, FMCSA and DOT compliance within the transportation industry, OSHA compliance is often the furthest thought from most safety directors' minds. For example, if a tractor returns to the shop after a failed roadside inspection due to a brake issue, the primary concern is typically getting the issue corrected and the tractor back out on the road. But does anyone think about whether proper PPE (personal protection equipment) was used to protect the mechanic from possible chemical exposure if brake cleaner was utilized? Is there an SDS on file for the brake cleaner? Or what action needs to be taken if the mechanic was injured while making a repair?

OSHA compliance should be a primary objective for every fleet. Fines quickly add up and, depending on the severity of the violation, OSHA has the authority to shut down an operation. In fact, one fleet was fined \$8,000 for inadequate and incomplete recordkeeping, which happens to be one of the most common OSHA violations. Under the OSHA recordkeeping regulation (29 CFR 1904), employers are required to prepare and maintain records of serious occupational injuries and illnesses using the OSHA 300 Log.

## **What needs to be recorded?**

Injuries are recordable if they result in death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid or loss of consciousness. The chart on the next page lists what you do and don't have to record. Tear it out and display it in your office for quick reference.

## **How do I track days away from work?**

Begin counting days away the day after the injury occurred or illness began. If a physician or licensed health care professional recommends that the employee return to work but he or she stays home, you must end the count of days away from work on the date the worker was recommended to return. You may cap the number of total days away at 180. If the employee leaves your company for a reason unrelated to the injury or illness, such as retirement or to take another job, you may stop counting days away from work.

## **What about restricted work?**

A recommended work restriction is recordable only if it affects one or more of the employee's routine job functions. If the restriction(s) prevent the employee from performing one or more job functions, or from working a full day, you must record the case. If a physician recommends a job restriction, but the employee performs all the routine functions anyway, you must record it as a restricted work case.

## **What is considered a work-related accident?**

If an event or exposure in the work environment caused or contributed to the resulting condition or significantly aggravated a pre-existing condition, it is work-related. The work environment includes the physical location but also the equipment or materials used. ■

**Is there an OSHA regulation you'd like to see covered in our next issue?**

Email [thequill@baldwinandlyons.com](mailto:thequill@baldwinandlyons.com)!

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For more information, visit [www.osha.gov/recordkeeping/index.html](http://www.osha.gov/recordkeeping/index.html) or contact Loss Prevention Specialist Owen McLean at [omclean@baldwinandlyons.com](mailto:omclean@baldwinandlyons.com) or 317-636-9800 x2695.

# OSHA

NOW AVAILABLE!

## OSHA 10-hour General Industry Certification for the Transportation Industry

Is your fleet up to date on all things OSHA? Do you have new hires or employees who would benefit from learning the basics of OSHA? Baldwin & Lyons is now offering a 10-hour OSHA General Industry Certification for the Transportation Industry course that can be conducted at your location with a minimum of 10 participants.

Led by one of our OSHA-certified loss prevention experts, this course covers how the provisions of the OSH Act must be implemented within the transportation industry and how managers and employees can recognize and control common workplace hazards. It is designed specifically for safety directors, risk managers, supervisors or any other personnel responsible for workplace safety.

### **Training topics include, but are not limited to:**

- Introduction to OSH Act, general duty clause, citations
- Safety and health program design, recordkeeping
- Walking and working surfaces
- Emergency action planning and fire prevention
- Electrical safety
- Hazard communication
- Machine guarding
- Bloodborne pathogens
- Personal protective equipment
- Hazardous materials

### **At the end of this session, participants will be better able to:**

1. Understand the role of OSHA and how to look up standards
2. Identify common safety exposures in a facility or operation
3. Improve and develop new programs for compliance
4. Be a stronger safety leader and help prevent accidents

**Participants will receive a copy of the OSHA General Industry Compliance Manual and presentation materials as well as a certificate of completion and a 10-hour Department of Labor OSHA wallet-size certification card.**

## + FOR MORE INFORMATION

If your fleet is interested in hosting this course, contact our Loss Prevention Department at **317-636-9800** or [lossprevention@baldwinandlyons.com](mailto:lossprevention@baldwinandlyons.com).



# SAFETY AS AN OPERATIONAL TOOL: PERFECT TRIPS

In our last issue, we presented an article which described “precision driving” activities that can be taught to drivers and monitored by driver managers which provide measurable company benefits including reduced fuel usage, extended equipment life and reduced frequency and severity of crashes.

In this article, we present the concept of “perfect trips,” which offer further measurable benefits to transportation companies, including improved customer satisfaction, reduced operating expense, better CSA score performance and, of course, improved fleet safety.

## What is a perfect trip?

Trips are the primary value creators of transportation operations and consist of profitably moving customer freight from one point to another, within a committed timeframe and in a manner which complies with regulations and customer expectations.

A “perfect trip” consists of performing this service at the minimum cost possible without driver injury, vehicle or cargo damage or harm to other persons or property, while overcoming the challenges (i.e. traffic, weather, regulations, inspections) and surprises (i.e. road closures, mistakes of other drivers, equipment breakdowns) encountered in an imperfect world.

## Perfect trip tools

Perfect trips don’t just happen. They are created by combining planning, training, procedures, open communication, experience, flexibility and good management. The following are examples of tools that make perfect trips possible:

- 1. TRIP PLAN:** Includes defining the start and end points of the trip, the vehicle(s) and driver(s) assigned, the route and planned stops, fueling and rest breaks occurring during the trip, plus the method to track and communicate progress and address problems encountered on the way. The plan assumes a specific trip route, selected from available roadways with appropriate roadway and bridge weight-

bearing and overpass height characteristics for the equipment and cargo. A practical average travel speed, such as 50 mph, is planned for each trip segment, allowing a time budget to be created that includes pre- and post-trip inspections each work day and that is adjusted for time zones. The travel speed should also be adjusted for traffic, construction, weather or road conditions. Drivers creating their own trip plans may be able to move their start time to avoid rush hour traffic around urban areas or select routes that avoid road construction or forecasted weather problems.

**2. PROPER PAPERWORK:** Before setting out, each driver needs to have a full complement of documents including CDL and certificates, registration and insurance, special permits, hazardous material or agricultural shipping papers (if required), fuel tax permit, hours-of-service and vehicle inspection log and sales tax payment (if required). Providing the driver a checklist and an indexed packet or binder helps the driver ensure all necessary documents are on-board and available to support pickup, delivery and inspections.

**3. PRE-TRIP INSPECTION:** Inspections are required by law, but are also important to avoid breakdowns and trip disruptions, such as out-of-service placement, but they provide safety benefits as well. The first hour of driving is the most dangerous for most drivers because they are often not fully alert or focused on their driving responsibilities. Conducting a thorough pre-trip inspection requires the driver to get in and out of the cab several times and walk around the vehicle. This provides time and physical activity essential to increase alertness and focus.

Additionally, the walk-around may identify a malfunction, equipment damage or fluid leak or a blind spot hazard not visible from the driver's seat, which must be avoided when the vehicle begins to move. Good inspections involve dozens of potential problem items and are best accomplished with a written or computerized procedural checklist that methodically guides the driver through the inspection process and highlights inspection zones and criteria. Drivers need to ensure they have a reasonable supply of repair tools and materials, as well as required items such as spare fuses and fire extinguishers. A comprehensive inspection will take approximately 15 minutes and requires the vehicle engine to be on to check lights, instruments and other electrical and mechanical systems, and off to check air brakes.

**4. FREIGHT PICK-UP:** Drivers hauling freight may have additional inspection requirements relating to a customer trailer and cargo weight and type, including load securement, placarding, paperwork and trailer hook up. The appropriate time required to conduct these activities should be budgeted into the trip plan and made part of the driver inspection and paperwork management procedures.

**5. DRIVING AND PLANNED TRIP STOPS:** Most trip time is usually spent driving, but most crashes occur when drivers are traveling off primary highways to refuel, pass through inspection stations, take breaks or make deliveries. Drivers need to be aware of the increased risk of travel in any confined or high-traffic areas, even at slower speeds, and be encouraged to drive patiently and cautiously when in these high risk areas.

Whenever possible, vehicles should be parked to drive forward when the trip is resumed to minimize the need for backing. If backing is required, drivers should be trained to get out and look behind their vehicles to clearly determine how much clearance is available, before they begin to move the vehicle. If strong winds are forecast, vehicles should be parked to face into the wind. When possible, fuel stops should also be planned where rest areas are available so required rest breaks can be conducted after fueling is completed and before the trip is resumed. Each stop that can be eliminated saves time, fuel to stop and restart the trip and reduces risk of travel in high-density traffic.

*continued >>*

- 6. FREIGHT DELIVERY:** Drivers hauling freight have an additional challenge of delivering the freight at customer locations or transit yards. Freight drop off areas may be located in confined areas and drivers unfamiliar with these locations are more likely to make errors leading to vehicle or property damage. Drivers should be given diagrams of delivery locations or detailed delivery instructions. Drivers should also have customer contact information to enable them to ask questions and receive instructions when they near customer locations to minimize problems.
- 7. COMMUNICATION:** Good communication and trust between drivers and their managers is essential to define and maintain service expectations with customers and address problems that arise during trips. Drivers need to be trained to properly use company-provided communication systems. And a backup system to get other help or information needs to be provided to every driver in case the trip doesn't work as planned. Drivers should be encouraged to contact their managers any time they are uncertain of what they should do or if they encounter a problem they are not sure they can handle. The free flow of information between drivers and managers is also important so the manager has the information needed to keep the customer informed about the trip progress. Even if the fleet has GPS tracking, the driver can identify a new problem at any time and needs the ability to quickly and efficiently get information to execute the trip plan, report problems to the manager or change plans to avoid potential problems.
- 8. POST-TRIP INSPECTION:** When the drivers stop work for the day, they need to conduct a post-trip inspection to determine if the vehicle incurred damage, wear or failures during the work day that will preclude the vehicle being used the following work day without maintenance. Again, the driver should be provided an inspection procedure and checklist. Catching emerging problems early and making repairs while problems are small can save time in the future and increase equipment up-time, particularly for fleets where drivers slip-seat and may use multiple vehicles within a work week. It is best to identify and repair problems during off-duty hours than to conduct maintenance at a time when a trip is scheduled.

### **The bottom line**

Good trip plans create the basis for perfect trips when they are executed by trained drivers who openly communicate with their managers whenever they need information or encounter problems. Commercial vehicles face many challenges on the road. Some challenges can be absorbed through conservative plans or early detection, but others may disrupt the best operations.

However, if the fleet operates to control all the factors that can be controlled by conducting timely inspections and maintenance, proper paperwork, comprehensive procedures, effective training and good driver management, most trips will be concluded according to plan. And by providing flexibility based on great communication and close driver-manager working relationships, the uncontrollable factors, such as traffic, weather and road conditions won't disrupt fleet operations often or for very long. ■

# CRAFTING A POLICY FOR OTC AND PRESCRIPTION DRUGS

The Federal Motor Carrier Safety Administration (FMCSA) has a strict policy when it comes to illegal substances. Any driver who tests positive for amphetamines, PCP or metabolites of marijuana, cocaine or opiates, must be removed from a safety-sensitive duty.

But what about legal drugs, such as prescriptions or over-the-counter medications, that may still impair a driver's or worker's ability to function properly on the job? According to the FMCSA, use of prescription and over-the-counter drugs are two of the most predominant causes of driver impairment leading to trucking accidents. In a recent study, 17% of commercial drivers were reported as having over-the-counter drug use at the time of a crash.

## BUILDING YOUR POLICY

The U.S. Department of Labor has a website, [www.dol.gov/elaws/drugfree.htm](http://www.dol.gov/elaws/drugfree.htm), which can help you develop a customized drug-free workplace policy for your fleet. The site walks you through 13 questions, including if your program will include drug testing, what types of assistance will be available and how your policy will be communicated to all workers. For example, your policy can require that drivers take appropriate personnel procedures, such as requesting a change in duty and notifying their supervisor in the event the worker's use of medication could compromise the safety of the worker, fellow workers or the public.

**Your policy can be designed to address these and other issues related to prescription and over-the-counter medications, such as:**

### Use of prescription drugs when

- the medication is not prescribed for the worker
- the worker exceeds the prescribed dosage
- the medication causes the worker to be impaired or unfit while on duty
- the worker is a driver or operates machinery and the directions on the medication warn the user to avoid driving or operating machinery
- the medication is prohibited by DOT regulations for use by individuals who perform safety-sensitive functions

### Use of non-prescription (over-the-counter) medications when

- the medication causes the worker to be impaired or unfit while on duty
- the worker exceeds the prescribed dosage
- the worker is a driver or operates machinery and the directions warn the user to avoid driving or operating machinery

Because important privacy interests and non-discrimination protections must be balanced with the need to address workplace drug use, employers are strongly encouraged to consult with an attorney specializing in employment law before deciding to cover prescription and over-the-counter drug use in their drug-free workplace policy.

# ARE YOU HIRING FROM THE BOTTOM 30 PERCENT?

Baldwin & Lyons partners with JOBehaviors, Inc. to help our insureds hire and retain qualified, safe drivers. They provide job-specific hiring assessments that are based on an in-depth job analysis with proven top performers. The following article is written by Mark Tinney, president and CEO of the company.

Within any group of employees or driver applicants approximately one third are high performance, one third are average and one third are low performance. Statistically, this is known as the “normal curve,” and holds true for any job, including truck drivers.

Which of these groups is most likely to be available to work for your company tomorrow? If you said “bottom 30 percent, low performance driver candidates,” you would be correct. And they are irresistible to recruiters. I don’t say this as a put down. Recruiters are often hard-working, dedicated professionals. That said, they are human beings with goals that are often more focused on demonstrating to management their ability to generate lots of applicants

(process) than their ability to identify talent (outcomes). If confirming minimum qualifications and generating large numbers of applicants were the answers, the industry would have solved the turnover/performance problem long ago.

Unfortunately, low performance driver candidates often meet subjective minimum qualifications and are extremely attractive to recruiters under pressure to fill trucks yesterday, if not sooner. The poor job performance of newly hired drivers is evident only AFTER they’re hired. In many ways, driver candidates are like icebergs. What’s visible – resume, application, interview – provides 20 percent of the picture. The intangibles – their behaviors – are hidden from view. This leads recruiters to focus on the bottom

## CHARACTERISTICS OF THE BOTTOM 30 PERCENT



Able to present themselves in best possible light (application, resume, interview)



Often have two or more years of driving experience



Not customer-oriented



Unsafe driving habits that may or may not have resulted in an accident...yet



About to be terminated from current job



Unhappy in their current job because they're "misunderstood" by their manager



Willing to jump jobs without giving notice to their current employer



Available to drive for your company...tomorrow!

# CHARACTERISTICS OF THE TOP 70 PERCENT



Need to be sold on the merits of coming to work for your company



May be outstanding driver with less than two years of experience



Respect current employer and feel the need to give a two-week notice



Often take longer to onboard



Often not good at self-promotion (application, resume, interview)



Safe, customer-oriented



Want to feel valued by potential employer



Looking for a company that will reward their performance

30 percent who often are acceptable on paper, interview surprisingly well and haven't had an accident...yet. And did I mention they're available for work immediately?

**If confirming minimum qualifications and generating large numbers of applicants were the answers, the industry would have solved the turnover/performance problem long ago.**

Unfortunately the bottom 30 percent also generates the bulk of the chaos, customer complaints and safety and equipment problems. The resulting dysfunction caused by non-predictive hiring methods often results in our best drivers voluntarily leaving for greener pastures, thus continuing the cycle.

In a recent Truckload Authority article, TCA Chairman and American Central Transport President Tom Kretsinger discussed the perils of hiring low performance drivers. He said, "It does seem the tenured, really good drivers in our company are staying. There's the bottom 30 percent that

just churns at an alarming rate. This is one of those things everyone talks about doing differently...but you wake up tomorrow and do it again."

**Selection and retention:** The ultimate weapon against driver shortage

It's not that there aren't good drivers out there. It's that they don't always present themselves as obvious choices. Some don't interview well. Some don't submit pristine resumes. Some don't have the best appearance. Is it possible your recruiters are casting aside top talent because of personal bias? What if the Seattle Seahawks had turned away Russell Wilson because he didn't appear to be the ideal quarterback (too short, too slow, not enough experience, etc.)? Were the Seahawks more interested in Wilson's appearance (20% of the iceberg) or his behaviors (80%)?

The challenge is to identify the best candidates in the applicant pool as objectively and quickly as possible. Job-specific behavioral driver assessments are extremely accurate predictors of performance and very easy to administer online. Simply embed a link to the assessment

continued >>

## THE NORMAL CURVE

Within any group of employees approximately one third are high performance, one third are average and one third are low performance.



in your website, online job postings or email to candidates and receive instant comparative results. Use of objective behavioral assessment allows you to target the best driver candidates and paves the way for your recruiters to implement an effective relationship-recruiting strategy.

**It's not that there aren't good drivers out there. It's that they don't always present themselves as obvious choices.**

Rather than wasting valuable time and resources on the bottom 30 percent that churns endlessly, recruiters are able to redirect resources to the top 70 percent who may take more effort to recruit but who will ultimately be a long-term asset to your company.

You may not be able to solve the driver shortage for the industry but you can go a long way toward solving it for your company by consistently hiring drivers from the top 70 percent. Selection and retention of high performance drivers is the ultimate weapon against driver shortage.

### **Process vs. outcomes**

Believe it or not, many carriers are generating far more candidates than necessary to meet capacity and wasting tons of money. Yes, you read that right. Is your company wedded to a process that generates large numbers

of candidates rather than an objective approach to determining the talent in the applicant pool? Without an objective way of identifying candidate potential, there is no benefit to generating large numbers of applicants. Use of random selection criteria results in random outcomes even if you have 100 candidates for every driver opening.

Clients and prospects we speak to regularly report generating an average of 30 candidates per hire. Using the "normal curve" statistics, that equates to 10 high-performance candidates, 10 medium-performance candidates and 10 low-performance candidates typically under consideration for each driver position filled. Using an objective behavioral driver assessment unlocks up 10 times the numbers of viable candidates within your existing candidate pool, and that's if you focus solely on the top 30 percent of applicants. It's also the first step toward an outcome based hiring strategy.

### **Go on offense with behavioral driver assessment**

Behavioral assessment puts you on offense by positively identifying the best drivers (top 70 percent) in the candidate pool. They also allow you to uncover hidden talent that's often hard to spot when you rely solely on subjective minimum qualifications. In order to win it's important to avoid the bottom 30 percent at all cost. It's even more important to consistently hire from the top 70 percent. ■

To learn more about hiring and retaining outstanding drivers, visit [www.JOBbehaviors.com/transportation](http://www.JOBbehaviors.com/transportation) or call 800-763-9550. Baldwin & Lyons' customers will receive a free 30 day, no obligation trial.

# Independent Contractors

If your fleet utilizes independent contractors, there are a few basic items to confirm before these drivers haul their first piece of freight for you.

## FOR EXAMPLE

Do you have a signed lease agreement?

What does that lease require from the independent contractor in the way of insurance protection?

When was the last time your lease agreement was updated, especially in regards to regulations?

In addition to considering those questions, you should also have the following in place:

### **Liability protection:**

If the lease requires contractors to transport freight for you under their own authority and insurance, you need to have a copy of that policy to ensure the limits they carry are sufficient and meet your requirements. This would include auto liability and, if required by the lease, cargo and general liability. You also need to be listed as a certificate of insurance holder and an additional insured on contractors' primary liability policies.

If the lease requires contractors to transport freight under the authority and insurance of the primary motor carrier, you need to ensure that the contractors have obtained a valid non-trucking liability policy. This provides liability coverage when the contractor is not hauling freight for the motor carrier (under dispatch). You need to ensure the limits they carry are sufficient and meet your requirements. You should also be listed as a certificate of insurance holder and an additional insured on contractors' non-trucking liability policies.

### **Workers' compensation/occupational accident for employment-related injuries:**

Independent contractors by definition are not covered by the workers' compensation of the motor carrier to whom they are leased. Depending on the regulations of the state in which the contractor lives,

they may purchase a workers' compensation policy for themselves and for employees they may have. If allowed by state regulations, the contractor may purchase an occupational accident policy from various markets to provide coverage for work-related injuries. You need to be listed as a certificate of insurance holder on contractors' workers' compensation and/or occupational accident policies. If the motor carrier accepts occupational accident policies, it is suggested that the motor carrier look at purchasing a contingent liability policy as well. This will address the exposure associated with those incidents where an independent contractor may attempt to file a claim as an employee.

It is important to confirm the existence of such policies as it will protect your fleet from having these contractors classified as employees and subject to workers' compensation.





**You want to make sure you are covered in the event one of your workers is injured.**

Settling claims is a top reason carriers purchase insurance. But what if that worker is **faking the injury with the goal of milking you for money he doesn't truly deserve?** Bob Richard, senior investigator in the Special Investigations Unit at Baldwin & Lyons, is here to help with cases like that.

## THE SPECIAL INVESTIGATIONS UNIT (SIU)

**MISSION:** Identify, defeat and deter insurance fraud.

The SIU trains our claims staff to recognize red flags that may suggest a claim is potentially fraudulent. Once a case is reported, the SIU investigates the claim and assigns and monitors surveillance if warranted. If it's suspected that the injury is pre-existing, the unit will conduct a medical canvas in which they conduct research to determine if the claimant has been treated in the past for the condition.

Based on the results of the investigation, the SIU will determine if the claim truly is fraudulent and recommend if it should be denied or if it is legitimate and should be paid. Per industry standards, Richard estimates that three out of 10 submitted claims involve some element of fraud. A large portion of the surveillance assignments are workers' compensation-related, followed by auto and liability. There are times that the SIU investigation does not uncover information that would warrant a denial of the claim, but it is significant enough to mitigate the exposure on certain claims.

The SIU protects Baldwin & Lyons insureds against individuals who file fraudulent claims. But what can you as a motor carrier do to spot potential fraud? Richard recommends the following tips:

- Notify Baldwin & Lyons' Claims Department as soon as you feel a fraudulent claim has been submitted. The sooner the SIU becomes involved in the investigation, the better.
- Handle claims from a common sense perspective. If a claim does not appear legitimate or make sense, it may contain an element of fraud.
- If a claim is submitted, keep detailed records of the particulars of the claim and always keep your claims adjuster up to date with any new information that develops during the life of the claim. For example, if you hear from a worker that a particular claimant is working while collecting temporary total disability, let your adjuster or the SIU know immediately as surveillance may be warranted.

*If you have questions about insurance fraud or suspect one of your employees may be falsifying a claim, contact Bob Richard at 317-452-7454 or [brichard@baldwinandlyons.com](mailto:brichard@baldwinandlyons.com).*

## SIU SUCCESS STORY

An employee alleged that he sustained a knee injury at work resulting in a torn ACL. The claimant was out of work and receiving temporary total disability benefits. The claimant is an avid BMX rider and through investigative means it was discovered that the claimant was practicing on a certain day in a rural area. Surveillance was conducted and video was obtained. The demand was \$185,000 but the claim settled for \$49,000, a total savings of \$136,000.

**THE DEMAND:** \$185,000

**THE CLAIM SETTLEMENT:** \$49,000

**TOTAL SAVINGS:** \$136,000

## SIU SUCCESS STORY

A driver was transporting a woman with cerebral palsy in a wheelchair. She claimed the driver failed to belt her in the vehicle properly. When the driver stopped short, the claimant fell out of her wheelchair and broke her ankle. Surgery was required and the claimant sought legal counsel. The demand was \$850,000. Surveillance was conducted and it was determined that the claimant had returned to her former level of activity. The claim settled for \$315,000, a total savings of \$535,000.

**THE DEMAND:** \$850,000

**THE CLAIM SETTLEMENT:** \$315,000

**TOTAL SAVINGS:** \$535,000

# MEET & GREET



## Bob Richard

*Senior SIU Investigator*

### Time with Baldwin & Lyons:

1.5 years

### Professional background:

I have held the position of an SIU Investigator for the last 18 years. I also have a prior background in law enforcement (11 years) and corrections (three years). I hold the designation of Fraud Claims Law Specialist (FCLS) from AEI.

### Fraud investigation philosophy:

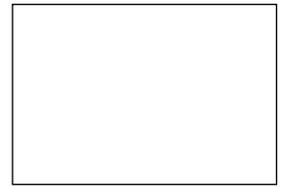
I handle or approach all claims from a common sense perspective. If it does not appear right or logical, it may have an element of fraud involved in the claim.

### Favorite part of the job:

The ability to speak with people, either in person or over the phone.

### Advice for detecting fraud:

My biggest piece of advice to carriers is to be proactive, instead of reactive, when it comes to investigating potentially fraudulent claims. Also, provide your staff the tools and training they need to combat fraud.



## Excess liability: Is your team being covered?

For the last month, basketball fans have been immersed in March Madness. As you cheer on your favorites, it's a good time to think about your own team. Consider your fleet and ask the question **"Is my team adequately covered?"**

Case studies regarding large transportation judgments are more and more prevalent and many motor carriers are finding themselves without proper liability coverage to account for these large damages. Through our subsidiary B&L Brokerage Services, Inc., Baldwin & Lyons has the capability to provide excess liability limits to better cover your team in the event of a large loss like the case study below.

### **The Facts:**

A tank truck driver in Carlsbad, N.M., made a left turn in front of a pickup truck that was occupied only by the driver. The pickup struck the tanker's trailer and the pickup driver was fatally injured.

### **The Judgment:**

A total of **\$58.5 million** was awarded to the estate and family of the pickup truck driver, with the jury finding the defendants negligent in this case. **Punitive damages of \$47 million** were awarded with the jury determining the defendant's acts to be reckless.

### **The Solution:**

Through B&L Brokerage Services, Inc., Baldwin & Lyons is able to place excess liability coverage over a motor carrier's primary liability. Whether the primary coverage is through our subsidiary Protective Insurance Company or a different carrier, B&L Brokerage Services has the capacity to place excess coverage limitlessly.



For more information about excess liability limits, as well as other B&L Brokerage Services products, please visit our website at [www.blbrokerage.com](http://www.blbrokerage.com) or contact **Dustin Grogg** at [dgrogg@blbrokerage.com](mailto:dgrogg@blbrokerage.com).