

SHIELD

a quarterly publication from Protective Insurance

Critical Issues in the Trucking Industry — 2020

International Road Check Date

New Partnership Formed to Eliminate Speeding

**Actionable Ways to Reduce
INSURANCE COSTS**

SPRING 2021



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NEWS & NOTES

VENDOR WEBINARS AVAILABLE ON THE PROTECTIVE MARKETPLACE

The Protective Marketplace, powered by Roadz, is a great place to learn about, and purchase products and services that can improve safety and reduce liability.

Additionally, Roadz is hosting vendor focus webinars making it even easier to learn about products and ask specific questions. Those webinars are posted on the Marketplace – you can watch them anytime that works best for you!

Each session includes an overview of the product from the vendor along with a customer case study.

The vendor focus webinars include the following, but more are being added monthly. Check the Marketplace for additions!

BRIGHTMILE: DRIVER GAMIFICATION

By assigning points to drivers, ranking drivers against their peers, and creating a mechanism to drive ongoing app engagement, a driver app can become more like a game, which encourages drivers to be safer. By promoting such competitions periodically, best-in-class fleets are helping drivers realize that safety is not just a one-and-done activity.

MAGTEC: PROACTIVE AND DYNAMIC SPEED GOVERNING

The intelligent technology behind MAGTEC's SafeSpeed solution proactively controls speed based on posted speed limits and eliminates the requirement to manage cumbersome telematics speeding event exception reports.

JOB BEHAVIORS: HIRING THE BEST WITH PREDICTIVE ANALYTICS

Driver recruitment and retention is a HUGE problem for the industry. Pre-employment behavioral assessments and analytics have proven to predict which applicants will perform at a high level and stay while allowing fleets to avoid safety risks.

OSHA OVERVIEW

INFINIT-I WORKFORCE SOLUTIONS: ACHIEVING SAFETY VIA DRIVER TRAINING

Garrett McDonald of Infnit-I Workforce Solutions discusses the impact of Infnit-I on fleet performance enhancement. Hear data-backed case studies proving how transportation's #1 safety training platform:

- Reduces insurance claims
- Reduces fuel cost
- Offers courtroom protection

You can find the Marketplace, and all of the webinars, at marketplace.protectiveinsurance.com.



CLAIMS & SAFETY SEMINAR

Save the Date!

**NOV. 10 - 11, 2021
CARMEL, IN**

Protective Insurance's Claims & Safety Seminar is a two-day event that focuses on the latest risk management and technology trends in the commercial auto industry.

OSHA's proposed rulemaking to amend the hazard communication standard

U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) has issued a proposed rule to update the agency's Hazard Communication Standard (HCS).

OSHA is issuing a notice of proposed rulemaking (NPRM) to amend the HCS (§ 1910.1200). OSHA is proposing to modify the HCS to maintain conformity with the United Nations Globally Harmonized System of Classification and Labeling of Chemicals (GHS) (revision 7), align certain provisions with Canada and other U.S. agencies, and address issues that have developed since implementation of the 2012 standard.

The GHS is an internationally negotiated approach to hazard communication. It provides:

- Harmonized definitions of hazards
- Specific criteria for labels
- Harmonized format for safety data sheets

There are three basic areas of focus

- Classification of physical hazards
- Classification of health and environmental hazards
- Hazard communication

The HCS, first finalized in 1983, provides a standardized approach to workplace hazard communications associated with exposure to hazardous chemicals. The standard was updated in 2012 to provide a common and coherent approach to classifying chemicals and communicating hazard information.

OSHA expects the proposed updates to the HCS will increase worker protections and reduce the incidence of chemical-related occupational illnesses and injuries by:

- Providing additional clarification of existing regulatory requirements
- Incorporating new hazard classes and categories
- Improving and streamlining precautionary statements
- Facilitating international trade through increased alignment

All employers with hazardous chemicals in their workplaces are required to have a hazard communication program, and provide information to employees about their hazards and associated protective measures.



International Roadcheck Date Set

International Roadcheck Set for May 4 – 6
with Emphasis on Lighting & Hours of Service

The Commercial Vehicle Safety Alliance (CVSA) has set May 4 – 6 as the dates for this year's International Roadcheck. Over that 72-hour period, commercial motor vehicle inspectors in jurisdictions throughout Canada, Mexico and the U.S. will conduct inspections on commercial motor vehicles and drivers.

"CVSA shares the dates of International Roadcheck in advance to remind motor carriers and drivers of the importance of proactive vehicle maintenance and driver readiness," said CVSA President Sgt. John Samis with the Delaware State Police. "International Roadcheck also aims to raise awareness of the North American Standard Inspection Program and the essential highway safety rules and regulations in place to keep our roadways safe."

Inspectors will ensure the vehicle's brake systems, cargo securement, coupling devices, driveline/driveshaft components, driver's seat, exhaust systems, frames, fuel systems, lighting devices, steering mechanisms, suspensions, tires, van and open-top trailer bodies, wheels, rims, hubs and windshield wipers are compliant with regulations. Inspections of motorcoaches, passenger vans and other passenger-carrying vehicles also include emergency exits, electrical cables and systems in the engine and battery compartments, and seating.

Inspectors will be looking for critical vehicle inspection item violations, outlined in the North American Standard Out-of-Service Criteria. If such violations are found, the vehicle will be placed out of service, which means that vehicle cannot be operated until the identified out-of-service conditions have been corrected.

Vehicles that successfully pass inspection, without any critical vehicle inspection item violations found after a completed Level I or Level V Inspection, should receive a CVSA decal. In general, vehicles with a CVSA decal are not re-inspected during the three-month period during which the decal is valid. Instead, inspectors focus their efforts on vehicles without a valid CVSA decal.

Also during an inspection, inspectors will check the driver's operating credentials, hours-of-service documentation, seat belt usage, and for alcohol and/or drug impairment. A driver will be placed out of service if an inspector discovers driver-related out-of-service conditions.

Each year, CVSA asks its member jurisdictions to capture and report data focusing on a certain category of violations during International Roadcheck. This helps bring awareness to certain aspects of a roadside inspection. This year, inspectors will capture data on two categories, corresponding to the two main inspection categories of the North American Standard Level I Inspection – driver operating requirements and vehicle mechanical fitness. For the driver category, hours of service will be highlighted this year, and for the vehicle category, inspectors will be paying special attention to lighting.

According to the Federal Motor Carrier Safety Administration, the lighting violation "lamps inoperable" (Title 49 Code of Federal Regulations 393.9) was the number one vehicle violation in fiscal 2020, accounting for approximately 12.24% of all vehicle violations discovered that year. And during last year's International Roadcheck, the top driver out-of-service violation category in North America was hours of service, accounting for 34.7% of all driver out-of-service conditions.

"It's important to remember that International Roadcheck is a data collection effort," said Sgt. Samis. "The inspections conducted during the three days of International Roadcheck are no different from the inspections conducted any other day of the year. Other than data collection, the inspection process is the same."

As was the case last year, in consideration of COVID-19, law enforcement personnel will conduct inspections following their departments' health and safety protocols during 2021 International Roadcheck.

In addition, as the COVID-19 vaccine rollout continues, every effort will be made to get vaccine shipments to their destination, quickly and safely. COVID-19 vaccine shipments will not be held up for inspection, unless there is an obvious serious violation that is an imminent hazard.

International Roadcheck is a CVSA program with participation by the Federal Motor Carrier Safety Administration, the Canadian Council of Motor Transport Administrators, Transport Canada, and Mexico's Ministry of Communications and Transportation and its National Guard.

Critical Issues in the Trucking Industry — 2020



The year 2020 can unequivocally be described as the most chaotic and unpredictable time period in many decades. In the course of several months, the U.S. economy – the largest in the world – spiraled from new records in consumer sales growth, low unemployment, industry-favorable trade agreements, and a dramatically improved regulatory landscape... to a COVID-related economic slide paralleling the Great Depression, and all that comes with it.

Driven by “shelter-in-place” orders in all 50 states, this same year saw industry business models instantly recalibrated from onsite consumer sales to unparalleled e-commerce growth; huge food product shifts from restaurants to grocery stores; the newly created concept of “consumer hoarding,” and a temporary decline or elimination of several top industry issues from ATRI’s 2019 list.

In a number of states, fatal crash rates skyrocketed, while fatality crash numbers plummeted – due to limited automobile usage, a dearth of traffic congestion and long, unfettered stretches of roadway. That same operating environment however, allowed trucks to move essential goods to stores, hospitals and fulfillment centers in record time. In many instances, the trucking industry benefited from both temporary COVID-related regulatory exemptions as well as permanent changes to rules such as the hours-of-service.

To add to the complexity, many underlying issues continued to press forward in 2020, including highly automated vehicles, vehicle electrification, under-funded infrastructure, and perennial international trade issues.

Finally, 2020 experienced many political and societal upheavals whose impacts will be felt for many years.

Through it all, the trucking industry survived, and in limited instances thrived, as a foundational component of both the macro U.S. economy and consumer demand on a micro level. As a leading indicator, recent trends in truck activity suggest that the U.S. has turned the corner on the COVID recession, but it is still not clear what and when a “return to normalcy” will occur – if ever.

Perhaps now more than ever, it is imperative that industry stakeholders understand the interplay of diverse issues in the trucking industry. For the past 16 years, the trucking industry has relied on the American Transportation Research Institute’s (ATRI) annual survey to quantify the trucking industry’s most critical issues as well as to identify preferred strategies for addressing each issue. Organizations such as the American Trucking Associations (ATA) and its Federation partners in the State Trucking Associations (STA) have leveraged ATRI’s Top Industry Issues report to develop proactive industry-centric strategies and programs.

The Top 10 Trucking Industry Issues

1. DRIVER SHORTAGE

For the fourth consecutive year, the Driver Shortage is the trucking industry's top concern on the overall list. Despite the recession brought on by the pandemic in early 2020, freight demand is returning to pre-COVID levels and early indicators are showing that the shortage will soon return to the levels experienced in 2018 and 2019.

Exacerbating the driver supply challenges is the number of drivers who have left the industry due to the FMCSA Drug and Alcohol Clearinghouse as well as older drivers who retired or exited the industry over COVID-related health concerns.

Proposed Strategies (in rank order):

- a) Advocate for Congress and federal agencies to develop an apprenticeship program to attract, train and retain safe 18 – 20 year old interstate drivers to the industry.
- b) Quantify the impact of state Department of Motor Vehicle (DMV) delays on new driver credentialing for both Commercial Learner's Permits (CLP) and Commercial Driver's License (CDL) testing.
- c) Identify unique requirements and issues associated with expanded driver recruitment of women and minorities.

2. DRIVER COMPENSATION

For the second year in a row, Driver Compensation is ranked as a Top 10 issue; this year rising one spot to the number two issue. In the latest Driver Compensation analysis from the American Trucking Associations, the average annual pay for a national truckload solo van driver was nearly \$58,000 in 2019, representing a \$6,000 increase over 2017. ATRI's Operational Costs of Trucking analysis also documents increasing driver pay and benefits.

Despite these increases, many drivers believe the shortage and compensation are inextricably linked, and that the only solution to recruiting and retaining drivers is to increase pay or modify compensation models. And, while this is just the second year that Driver Compensation has appeared as a Top 10 issue in

this survey, the very first Top Industry Issues Survey in 2005 identified increasing driver pay as the number one strategy for addressing the driver shortage.

Proposed Strategies (in rank order):

- a) Analyze truck driver compensation in relation to other competing employment sectors (e.g. construction).
- b) Research and assess the effectiveness of carrier retention programs that financially incentivize drivers for performance in the areas of safety, fuel economy, and trip productivity.
- c) Quantify the relationship between driver compensation models and driver satisfaction and productivity.

3. TRUCK PARKING

Since first appearing on the survey in 2012, the lack of available truck parking has been a perennial Top 10 issue. This year Truck Parking ranks third overall, its highest rank yet. The pandemic clearly had an impact on the parking shortage in 2020 as a number of states shuttered their public rest areas, removing capacity from an already constrained system. In a joint ATRI and Owner-Operator Independent Drivers Association (OOIDA) Foundation research initiative conducted earlier this year, 44 percent of respondents indicated that truck parking was "somewhat harder" or "much harder" to find during the pandemic. However, while some states were closing rest areas, other states were initiating projects to expand parking availability along key truck routes.

Proposed Strategies (in rank order):

- a) Identify strategic locations on the National Freight Network for new or expanded truck parking due to increased traffic congestion, changing staging needs and industry / regulatory changes.
- b) Create a new dedicated federal funding program designed to increase truck parking capacity at freight-critical locations.
- c) Research the role and value of real-time truck parking information systems and truck parking reservation systems.

4. COMPLIANCE, SAFETY, ACCOUNTABILITY

Compliance, Safety, Accountability (CSA) made its first appearance in the Top Industry Issues Survey in 2010, debuting as the number two industry concern. It then spent another five years as a top five issue before dropping to number six in 2016 and dropping again to number eight in 2019. This year, CSA is back in the top five, ranking as the number four industry concern. In the 10 years since CSA was first implemented by FMCSA, its volatility in TII ranking points to the industry's oftentimes challenging relationship with the safety measurement system.

To address the concerns with CSA, FMCSA has implemented multiple changes to the system over its 10-year history. However, carriers continue to report challenges with data quality, peer group assignments and challenges with the Crash Preventability Program. Additionally, there is concern over how the proposed "Item Response Theory" (IRT) methodology will impact carrier scores.

Proposed Strategies (in rank order):

- a) Work with FMCSA to update its carrier prioritization methodology, improve its accuracy, and enhance transparency, as it moves to implement the Item Response Theory methodology into the current SMS.
- b) Encourage FMCSA to regularly review and evaluate the list of crash types available for reclassification as non-preventable.
- c) Evaluate the efficacy of the Pre-Employment Screening Program (PSP) reports relative to Motor Vehicle Records (MVR) for improving driver safety.

5. INSURANCE COST / AVAILABILITY

Insurance Costs first appeared on the Top Industry Issues Survey in its inaugural year (2005) when it ranked number three overall. Now, 16 years later, Insurance Cost / Availability is back in the Top 10 as the number five issue overall. Rising insurance costs have been documented in several ATRI analyses, including the annual Operational Costs of Trucking that recently found insurance costs per mile increased 18.3 percent over the last five years. The costs are even more dramatic among smaller fleets, which experienced insurance premium costs per mile more than three times those of larger fleets.

Rising insurance costs and availability have also been cited as a reason for multiple fleets going out of business.

Proposed Strategies (in rank order):

- a) Quantify the impact of rising insurance costs on industry operations, safety investments, and driver training.
- b) Examine the feasibility of an industry-wide insurance surcharge passed on to shippers.
- c) Conduct cost-benefit analysis on raising minimum insurance levels.

6. DRIVER RETENTION

Driver Retention held on to its sixth place ranking for the second year in a row. The increased freight demand coming out of the pandemic combined with the pandemic-induced backlog of new entrants into the workforce make it more important than ever that fleets retain their best drivers. The pandemic also had an impact on driver turnover in the first half of the year as reported by the American Trucking Associations, "the turnover rate at truckload carriers with more than \$30 million in annual revenue fell 12 percentage points to 82% - the lowest level since the end of 2018." However, it is expected that turnover, and the need to retain drivers, will continue to ramp up as freight demand returns to pre-COVID levels.

Proposed Strategies (in rank order):

- a) Research and prioritize retention strategies, based on driver feedback and driver tenure data.
- b) Evaluate the impact of truck driver benefits, including health insurance and retirement benefits, on driver retention.
- c) Quantify the relationship between safety technology deployment (e.g. cameras, speed limiters, active braking systems) and driver satisfaction and retention.

7. TORT REFORM

Tort Reform is back on the Top 10 list after dropping off in 2012. The return of Tort Reform as the seventh ranked issue is reflective of the growing attention and concern over truck crash litigation, nuclear verdicts and criminal activity involving staged crashes. ATRI's nuclear verdicts

research found that from 2010 to 2018, the size of verdict awards grew 51.7 percent annually at the same time that traditional inflation grew just 1.7 percent and healthcare costs grew 2.9 percent.

Proposed Strategies (in rank order):

- a) Advocate for reasonable limits on non-economic damages.
- b) Advocate for elimination of “phantom” damages.
- c) Research conceptual verdict reductions if negligence and financial liability were equitable in tort law.

8. ECONOMY

The pandemic created economic fallout not seen in the U.S. since the Great Depression. With businesses shuttered, millions of Americans unemployed, and the nation’s GDP hitting new lows in the second quarter of 2020, the economic gains of the previous five years were essentially eliminated. While the third quarter saw business – and the economy – begin to rebound, concern over how, and when the U.S. economy will return to pre-pandemic levels led to the Economy rising two spots in this year’s survey to eighth overall.

Proposed Strategies (in rank order):

- a) Continue to advocate for trade and economic policies that will further stimulate the economy.
- b) Promote reforming/repealing ineffective and burdensome regulations that add to industry costs without providing benefits.
- c) Advocate for a repeal of the Federal Excise Tax (FET) on new truck purchases to stimulate modernization of the nation’s truck fleet.

9. DETENTION / DELAY AT CUSTOMER FACILITIES

Detention/Delay at Customer Facilities is on the Top 10 list for a second year, although it has dropped five spots to number nine overall in 2020, likely due to COVID-related economic impacts. The impacts of excessive customer detention are numerous and have a direct nexus to many of the other issues among the Top 10 including Driver Compensation, Truck Parking and the Hours-of-Service rules. In ATRI’s joint research with the OOIDA Foundation, 34 percent of survey respondents

indicated that detention times were worse during the pandemic – possibly the result of reduced staffing at shipper/receiver facilities with employees affected by the virus. This impact was even more pronounced among smaller fleets; 73 percent of those who reported increased detention times during the pandemic were from fleets of 50 or fewer trucks.

Proposed Strategies (in rank order):

- a) Identify best practices, technologies, and strategies that reduce or eliminate driver detention at shipper/receiver facilities.
- b) Quantify impacts on detention times that may have occurred since the ELD mandate.
- c) Examine the potential for creation of a “Shipper of Choice” database to reduce detention times for carriers and drivers.

10. HOURS-OF-SERVICE (HOS)

The HOS rules experienced the biggest drop in this year’s Top 10 list, from second overall in 2019 to tenth overall this year. The June 2020 final HOS rule, which went into effect Sept. 29, 2020, addressed many of the issues identified by industry stakeholders as problematic in previous years’ surveys. The final rule changed four specific provisions in the HOS rules including: the short-haul exception, the adverse driving conditions exception, the 30-minute rest break, and the sleeper berth provision.

Proposed Strategies (in rank order):

- a) Research the safety impacts from additional sleeper berth flexibility in the June 2020 final HOS rules.
- b) Analyze how HOS rules might be modified for highly automated trucks, and identify what research and data would be necessary to justify future rule changes.
- c) Assess industry impacts from the June 2020 final HOS rule expanding the short haul exception to the 150 airmile radius and extended duty day.

This article is a summary of a report produced by the American Transportation Research Institute (ATRI). The full report is available on the ATRI website at truckingresearch.org.

ACTIONABLE WAYS TO REDUCE INSURANCE COSTS

Because insurance premiums directly relate to a fleet's safety and their chance of suffering a nuclear verdict, taking actions to improve the former and reduce the latter are essential to obtaining a fair rate.

The following are six steps fleets can take to accomplish both:

01 GO ABOVE & BEYOND COMPLIANCE

With nuclear verdicts driving the increase in industry-wide insurance premiums, reducing liability must play a central role in any cost reduction strategy.

Nuclear verdicts occur when a plaintiff's attorney convinces a jury that a defending fleet committed negligence before a crash.

Most people assume that abiding by compliance requirements is enough to meet the standard of "reasonable care" and prevent a claim of negligence, but that is no longer the case.

Increasingly, plaintiff's attorneys are arguing that industry standards, a fleet's own safety handbook, and the policies a fleet lists on their website, are the standards a jury should judge a fleet's safety on, rather than their adherence to minimum government compliance requirements. As these are often more stringent than the bare minimum of compliance, simply being DOT compliant is no longer enough. The only way for a fleet to protect itself from this strategy is to be so safe in their procedure, technology, and outcomes that they are defining the "industry standards" all others are judged on.

In practice, this means fleets need to identify the compliance standards that apply to them and set a commitment to go above and beyond them.

Proving Above and Beyond Compliance

Once a fleet has set a heightened standard for their compliance, it's crucial they share this information with their insurance carrier to prove they are going above and beyond.

When a fleet is transparent with their internal processes, as well as their successes and failures, insurers are likely to see them as a reliable, trustworthy partner they can do business with. Even better, by sharing their plans for improvement in key compliance, risk, and safety areas, fleets can show insurers that they are not only committed to going above and beyond compliance, but that they are in the process of doing so. Insurance prices directly relate to a fleet's safety record and potential liability. By bulletproofing their operations from claims of negligence and demonstrating to insurance carriers that they won't be the fleet that costs them millions in court, fleets can unlock a favorable rate.

02 MAKE SAFETY CULTURE VISIBLY A TOP PRIORITY

While it's important to meet operational needs and ensure fast load times, if a fleet wants to unlock a fair insurance rate, they must make safety an essential and valued part of their operations process, which is the essence of a strong safety culture.

A strong safety culture is one in which every member of a fleet understands that safety is part of their job and that safety takes precedence over marginal efficiency improvements or any one load. In practice, this means that safety should be on everyone's mind, all the time.

Building a safety culture should include the following action items.

Driver Input

Consider driver input when designing safety practices. By listening to drivers and empowering them to speak freely, they are much more likely to participate in the overall culture of their fleet. Example: Listen to a driver when they have an idea for improving their inspection process.

Structured Channels for Discussion

A regular, organized way for drivers to give feedback encourages them to make suggestions based on their on-the-ground experience, improving fleet

practices and keeping safety top-of-mind. Some tools to do this include driver surveys, weekly check-ins, and regular fleet meetups. Example: Scheduled bi-weekly Driver Manager touch-base meetings.

Safety Awards

Safety awards programs have been shown in multiple studies to be effective at improving safety outcomes, so fleets should implement some form of systematized public commendation for their safest drivers. Example: Awarding drivers who have no preventable accidents each quarter.

Top-Down Safety Messages

When executives demonstrate that safety is important to them, drivers are more likely to see safety as an essential part of their job. Safety messages are particularly effective when they travel down the chain of command from top leadership, through department managers, through front-line managers, and to drivers. Example: Daily messages through dispatch that include a safety message for the driver, such as proper chaining procedures for flatbed cargo.

Simplify Safety Messages

Safety messages that are clear and simple are significantly more likely to be understood by drivers. Fleets should issue safety messages that are clear in meaning, correct on substance, and that address their specific needs. Example: Focus each safety message on one topic and give specific advice, rather than broader, conceptual messages.

03

ORGANIZE & ANALYZE DATA

Data management is particularly important for insurance companies. As a business, insurance is based on estimating the probability of an event occurring and then quoting an insurance seeker a premium price based on that probability. The more data an insurer has, the more accurately it can price its premiums.

Since the introduction of CSA scores, the implementation of the ELD mandate, the proliferation of camera use, and the wide availability of safety software, there is exponentially more data available to insurers than ever before. Now that this data is accessible, insurers are using it.

Beating CSA Scores with Data Management

CSA scores are the primary form of publicly available data on a fleet, so they have taken on an important role in the insurance industry. Without access to a fleet's internal data, CSA scores are often the best approximation of a fleet's safety available to insurers. This reliance on CSA scores is a source of great inefficiency in the industry.

The infractions that contribute to a fleet's scores only reflect noncompliance instances that have been reported by DOT authorities. DOT authorities can only observe so many violations, so these scores misrepresent the true safety of a fleet.

If an insurer primarily analyzes CSA scores, they're ignoring a massive proportion of the relevant driver data available to them.

Fleets have access to more refined data on their safety practices than CSA scores provide, and can thus prove they are safer than their scores indicate by sharing their data with insurers. The same goes for fleets with positive CSA scores who want to show that they stand out even among other safe fleets.

If a fleet can prove that their drivers are safer than those at other fleets with similar CSA scores—for example, by showing that they have significantly fewer telematics incidents—they can receive truly competitive pricing.

However, simply having access to refined data isn't enough. To give accurate context to their data, fleets need to organize it.

To demonstrate the true measure of their safety, fleets can't simply hand an insurer a spreadsheet of telematics incidents and expect them to see their safety in a different light. By bringing all their data into a single platform and analyzing it for trends, fleets can benchmark themselves and give context to each telematics incident that insurers don't normally see. If fleets are able to organize and analyze their data in a way that helps them demonstrate they're safer than their CSA scores imply, they are much more likely to receive a fair rate.

04 INCREASE RETENTION

For insurers, long tenure bands are important because they correlate with reduced risk of experiencing a crash. Long tenure bands are often used as a proxy for safety culture and the effectiveness of a fleet's operations.

However, tenure can be more than just a signal for low crash-risk. In an analysis performed by Idelic's data scientists using 20+ years of historical driver data, the team discovered that the vast majority of accident-risk comes from drivers in their first two years of employment with a fleet.

At year two, there is a significant drop in a driver's risk, meaning drivers are 40% less likely to experience an accident during their second year with a fleet compared to their first.

For most fleets, the key finding of this analysis is that for roughly the first ten years of a driver's tenure, each additional year with a fleet notably lowers their risk of experiencing an accident. With driver turnover in 2018 at 89% for large for-hire truckload carriers and 73% for small for-hire truckload fleets, retention is and will continue to be a key metric for insurers.

HOW TO INCREASE RETENTION

Fleets seeking to improve driver retention can employ a number of strategies, including:

Retention by Prevention

On average, 20 – 30% of turnover is involuntary. If a fleet can prevent a crash from occurring in the first place, then they won't have to terminate a driver for their role in the crash. Taking steps to reduce total crashes can also significantly reduce a fleet's turnover.

Improve Drivers' Quality of Life Experience

There are many ways to make a fleet a more hospitable place to work. Employing strategies that make drivers feel appreciated and comfortable at their fleet has been proven to reduce turnover. Most importantly, live up to the promises you made and the expectations you set during the recruiting process.

Provide Financial Security

Paying drivers more per mile or offering retention

bonuses increases the likelihood that they'll stay with a fleet for the long haul. For fleets that can't afford to increase pay, improving the financial security of their drivers through other means can have a huge impact on their crash-risk and retention rate.

By increasing retention, fleets signal to insurers that they have a strong safety culture and are at lower risk of a crash than other fleets of their carrier type, which can reduce the premium prices insurers offer them.

05 HIRE SMART

From an insurer's perspective, hiring standards are important because fleets that hire safer drivers experience fewer crashes and are less likely to suffer a Nuclear Verdict.

There are two important criteria fleets should consider when setting hiring standards:

Years of Experience & Clean Driving Record

Years of experience inversely correlates with the likelihood a driver will experience a crash, and hiring drivers with clean records is crucial for limiting liability. These two criteria can address both of the primary causes of insurance payouts, and thus address the root causes of a fleet's Total Cost of Risk.

Years of Experience

Research has established an inverse correlation between years of professional driving experience and a driver's likelihood of experiencing a crash. Fleets that can be more selective with who they hire can expect a reduction in crashes by requiring a minimum number of years of professional driving experience.

In their research published in the Journal of Transportation and Statistics, Kristen Monaco and Emily Williams found that drivers see a large drop in reported crashes after their first year on the road, and see a fluctuating but continuous decline in crashes until bottoming out in years six through eight of experience.

For carriers that don't have the option to be selective with hiring based on years of experience, data-driven

onboarding strategies can improve the safety of your new-hires.

While most fleets have a general onboarding plan in place, identifying the specific training needs of a new driver and targeting their training to meet those needs can reduce their expected crash-risk.

Though it can be difficult to determine a driver's needs before working with them, there are technology options available that analyze your pre-hire driver data and identify where a driver needs targeted training, enabling you to run the custom onboarding plan your fleet may need.

Clean Driving Records

In ATRI's 2020 report on Nuclear Verdicts, the authors found that in 100% of cases where a driver's history was used as evidence against a fleet, that fleet lost their case. Hiring drivers with clean records is essential for reducing liability.

Unfortunately, it's not as easy running an MVR check and confirming a potential hire has no clear indicators of risk. Fleets have to align their hiring criteria with their retention criteria to reduce their liability. If a fleet wouldn't retain someone with the record of a driver they've hired, or hire someone with the record of a driver they've retained, then they've created an inconsistency in their employment process, which can be grounds for negligence.

However, there's an important caveat: Even if a fleet's hiring and retention criteria are the same on paper, failing to manage them as part of a single, greater process will lead to mistakes in their hiring. A fleet's pre and post-hire data should be consolidated and organized within a single platform, so inconsistencies are easy for managers to spot. Additionally, fleets should avoid siloing recruiting, onboarding, and safety managers into teams with disparate data, different agendas, and disconnected communication. They should all work together to support the fleet's mission by regularly sharing information and interacting with their drivers throughout their drivers' full tenure.

06 INVEST IN TECHNOLOGY

Insurance companies want to see technology implemented in a fleet that will increase their safety, improve retention, and help them go above and beyond the bare minimum in compliance.

For this reason, some insurers might quote a fleet, but only on the condition that they deploy new technology within a specified timeframe, such as collision avoidance systems, cameras, driver management software, and more. Insurance companies understand that these technologies are proven solutions for increasing fleet safety, so investing in the right technology before seeking a new quote can improve a fleet's chances of finding a fair rate.



CONCLUSION

Benefits of Taking Action

Understanding how to improve driver behavior while reducing crashes and violations will have a direct effect on the cost of insurance for a fleet. But beyond that, taking the steps needed to reduce insurance costs can also have a number of related benefits:

Risk Reduction and Cost Efficiency

Technologies that pool all of your data, such as driver management platforms, can reduce the risk of an incident occurring by giving fleet managers a single place to view the driver data they need and proactively identify at-risk drivers, assign preventative training, and improve safety.

Improved Safety

By reducing risk with improved processes, refined hiring standards, and the technology available on the market today, fleets can outperform their safety benchmarks and unlock the insurance cost reductions that come with an excellent safety program.

Protection Against Claims

Technologies like driver management platforms enable fleets to log their training, track credential expirations, and implement processes that ensure they can prove their compliance from top to bottom. Cameras, another technology insurance carriers recommend, give fleets a record of what really happened leading up to a crash.

Avoid a Nuclear Verdict

Many of the steps outlined in this whitepaper will reduce a fleet's odds of suffering a nuclear verdict. By organizing and analyzing data, elevating safety culture, and improving compliance, fleets lower their chance of being found negligent in court.

Help Available to Reduce Insurance

Trying to implement these insurance reduction steps might seem difficult, especially when done in a piecemeal approach.

If you answer "yes" to any of the following questions, Idelic may be able to help:

Is my fleet using disparate systems that make it difficult to analyze our data?

Do I lack the time and resources to manually implement the steps in this paper?

Am I concerned my fleet does not have a truly proactive approach to crash reduction?

Does the threat of rising Nuclear Verdicts keep me up at night?

Do my CSA scores not reflect the underlying safety of my fleet?

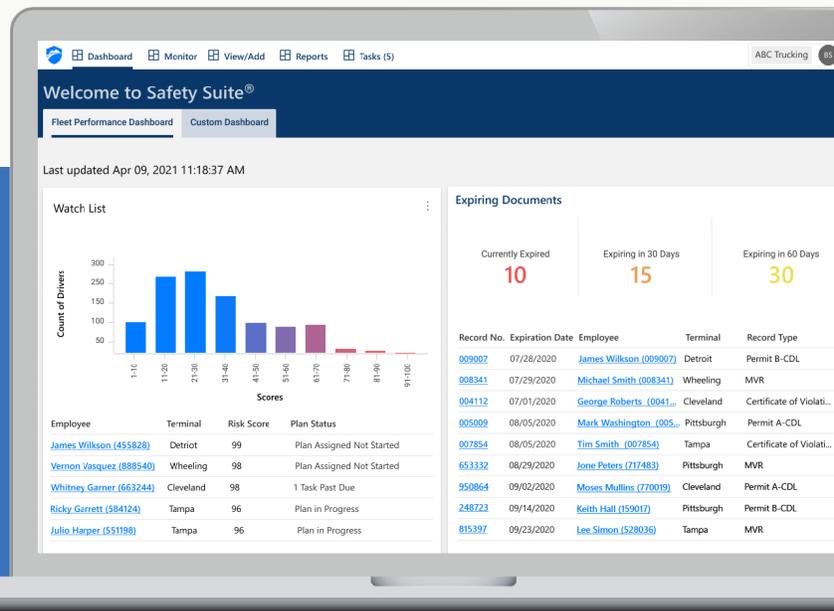
This whitepaper is produced by Idelic, the creators of the Idelic Safety Suite®. Safety Suite is the most comprehensive driver management platform, helping fleets identify risk with AI technology, go above and beyond compliance, and retain drivers for the long haul.

Many fleets have turned to technology like the Idelic Safety Suite® to allow them to spend more time preventing crashes while reducing insurance costs along the way. Safety Suite uses proprietary Artificial Intelligence to organize your data, analyze it for trends, and identify risk that could result in a crash. With Safety Suite, it's easy to understand the issues your fleet faces, develop an action plan to address them, and easily access the key metrics insurers are looking for when evaluating a fleet's risk.



A demo video is available on Idelic's website at idelic.com/partners/protective-insurance/

Idelic is a member of Protective's Vendor Referral Network (VRN). Members of the VRN share our commitment to responsive service and our philosophy of making the roads safer for us all. They also offer Protective insureds preferred pricing.



Read the full whitepaper idelic.com/resources/6-ways-to-mitigate-risk-reduce-insurance-avoid-a-nuclear-verdict/

New partnership formed to eliminate speeding

The Federal Motor Carrier Safety Administration (FMCSA) has announced the start of the Crash Preventability Determination Program (CPDP). Under this program, if a carrier has an eligible crash that occurred on or after Aug. 1, 2019, they may submit a Request for Data Review (RDR) with the required police accident report and other supporting documents, photos, or videos through the Agency's DataQs website.

Three leading safety-focused organizations, Institute for Safer Trucking, Aubrey Daniels International, and MAGTEC Products, Inc, announced the formation of a new safety organization, the Safe Operating Speed Alliance. The mission is to save lives and prevent injuries through the adoption of technology, policies, regulations and behavioral strategies to eliminate speeding. Speeding is one of the biggest causes of crashes on our roads and highways and the situation has only gotten worse over time and during the pandemic.

THE NEW PARTNERSHIP'S PRIMARY ADVOCACY GOALS ARE:

- Require Speed Limiters be used on Class 7 & 8 trucks (Cullum Owings Large Truck Safe Operating Speed Act);
- Encourage insurance companies to factor usage of speed limiter technology in underwriting, and recognition by FMCSA for beyond compliance.
- Promote investment to address infrastructure needs and support research of speed limiters and methodology for setting and adjusting limits; and
- Encourage transportation companies to address organizational systems that encourage risky behavior and speeding (ie. on-time incentives) and broader safety leadership and safety culture issues.

Dr. Judy Agnew, Senior Vice President, Safety Solutions at Aubrey Daniels International, said, "The data are clear. Despite good intentions, governmental and organizational policies and practices have failed to reduce speeding. With a more scientific understanding of the root causes of this deadly behavior, the Safe Operating Speed Alliance will promote targeted strategies to address this deadly behavior more effectively. ADI is excited to partner with these other accomplished organizations to save lives."

Gary Catapano, Chief Strategy & Safety Advisor, MAGTEC Products, Inc., said "Speeding has been the cause of nearly 10,000 deaths every year on our highway for decades now. Unlike other roadway safety issues which we have tackled and helped drive prevention, the same cannot be said about speeding. Even with the speeding problem being called out by NTSB and other safety advocates over the years, we still lack a comprehensive strategy and focus to reduce speeding-related crashes. This has resulted in us becoming a speed tolerant culture. We will bring together various stakeholders with new ideas, approaches and suggestions to help immediately gain traction in the prevention of speeding and the often-tragic crashes resulting from it. Real solutions are available now and we need to consider and implement them".

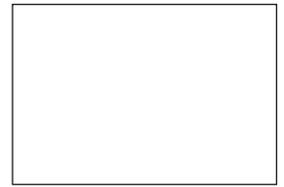
For more information on the alliance, visit their website at alliance.safeoperatingspeed.org.

MAGTEC Products Inc., a member of Protective's Vendor Referral Network, specializes in developing and manufacturing commercial intelligent vehicle control systems that help prevent theft, prevent speeding and enhance safety compliance for all classes of vehicles, including heavy equipment industries. One of its newest intelligent speed-limiting technology products, SafeSpeed®, is a patented solution that automatically limits vehicle speeds to posted speed limits in real time.

"We are pleased to launch this new partnership of consulting, technology, and safety organizations that will move the needle on addressing our nation's speed related crashes and to focus on data driven methods to save lives and prevent injuries," said John Lannen, Principal at Institute for Safer Trucking. **"Trucks not utilizing speed limiters have twice the rate of high-speed crashes as those that do, and the general public overwhelmingly, 79% in favor, supports required speed limiter use."**



111 Congressional Blvd., Suite 500
Carmel, IN 46032



Relationships **MATTER**

For almost 100 years, Protective Insurance has been in the business of safety. That's what insurance is all about – keeping businesses, their assets and their people safe.

By knowing our customers and the way they do business, Protective tailors your coverage to protect the things that matter to you most and to create long-term value for your company.

