Minimum liability insurance increase to significantly add to truckers' business costs

According to the American Transportation Research Institute (ATRI) fleet insurance costs rose 12% between 2017 and 2018, the second fastest year-over-year growth rate. The Institute also found that, "Given the substantial insurance cost increases over the last several years, it appears that the industry has reached a ceiling in its ability to continuously cover annual double-digit increases in insurance premiums".

AND… here we go again, yet another regulatory overreach and a potential significant insurance increase under the guise of safety. This one we've seen more than once before - but the numbers still don't seem to support the need.

A provision to increase the minimum level of liability insurance for truckers has reappeared once again in the "INVEST in America Act" (H.R. 3864) - the House's version of a surface transportation bill. The provision is gently titled “Updating the required amount of insurance for motor vehicles”. The "Update" would require the minimum amount of insurance for motor carriers to be raised from $750,000 to $2,000,000 (167%) and to be adjusted for inflation every 5 years.

Supporters of the legislation claim that the increase is modest and necessary as it has not been increased since implemented in the 1980s.

The numbers:
In 2018, FMCSA data shows that there were approximately 560,000 crashes with large trucks and buses. Of those, 77.5% were property damage only, 21.6% were injury-related and 0.8% were fatal occurrences. Of those crashes, it is estimated that 0.6% may have not provided enough insurance to adequately compensate the other party(ies).

It is unclear where the safety benefit comes into play with this “Update”, but supporters of the legislation point the finger at insurers for not better qualifying carriers. They allege that at higher liability levels, insurers would have more at stake and could be incentivized to make greater efforts to screen out unqualified carriers and adjust insurance rates accordingly. The assumption being that in doing so, they would price the bad carriers off of the roads.

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Trend in Claims Detected

Having examined our most recent claims data, our analysts have detected a crash trend. Our claims handlers have received a sizable increase in wind-related claims i.e., wind causing vehicles to drift into other lanes and drivers losing control of their vehicles causing a crash and/or blowing over entirely.

Wind will affect you as you drive no matter your speed or weight. It’s time to be prepared for driving in the wind with some tips from our loss prevention specialists.

❖ Know the forecast. Will the winds taper off in a couple of hours or worsen as the day goes on? You should check the weather before every trip to know what to expect. You can check real-time wind speeds at www.forecast.weather.gov.

❖ Keep both hands on the steering wheel and slow down. The slower you are driving the less severe any event is likely to be and the more time you give yourself to react. High speed can create low-pressure areas around your truck and since air flows from high to low pressure you are unintentionally creating a rapid flow of air directed at your vehicle.

❖ Be sure to give yourself extra space around other vehicles. A little elbow room goes a long way when you find yourself in less than ideal conditions.

❖ If you are a big vehicle with a light or empty trailer you are at high risk. Your high profile will allow the wind to push hard against your side which could easily send you out of your lane or topple you over. Also, pay attention to the load’s center of gravity – a load that is heavier to one side of the trailer will be more susceptible to crosswinds. Drive with caution and consider pulling over and waiting out the wind.

❖ Winds hitting your vehicle from the side are often the most dangerous. If they are strong enough they can blow you off course or on your side. If you feel the side wind changing the direction of your vehicle, ease off the accelerator and smoothly steer in the opposite direction to bring yourself back. No hard, erratic panic steering which could lead to loss of control of the vehicle.

❖ Remove any distractions and pay attention. When conditions are less than perfect it’s paramount to be alert. No cellphones, no heated debates or

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CHIP SHORTAGE

AFFECTING TRUCKING INDUSTRY

Asia Pacific is the world’s biggest market for semiconductors, accounting for 60% of global semiconductor sales – in nodes below ten nanometers, South Korea and Taiwan reign supreme.

Semiconductors are now a major part of the world’s economy, but their manufacture is limited to just a handful of players. Add in a pandemic that forces people to socialize electronically and businesses to work remotely and demand is going to far outpace supply. You now have a global chip shortage.

The current global chip shortage has affected the production and repair of everything from automobiles to smartphones. The disruption is also affecting truckers through their ELD providers. Some ELD providers are experiencing many weeks in delays to provide new devices and repair existing devices. So, before you buy that new truck, make sure you can put it on the road with a working ELD. If a trucker’s ELD malfunctions and it isn’t able to be repaired or replaced within eight days, they are urged to go to the FMCSA ELD support website and file an extension request per 49 CFR part 395.34 of the regulations.

When an ELD device is not working properly, truckers are required to reconstruct the record of duty status for the current 24-hour period and the previous 7 consecutive days. They must also record the records of duty status on graph-grid paper logs that comply with §395.8, unless the driver already possesses the records or the records are retrievable from the ELD. Going forward, they are required to manually prepare a record of duty status in accordance with §395.8 until the ELD is serviced and brought back into compliance with this subpart.

According to market analyst Gartner, the global semiconductor shortage will last through 2022.

Safe Driver Week will take place July 11-17

This year’s Operation Safe Driver Week will take place July 11-17 with an emphasis on speeding. During Operation Safe Driver Week, law enforcement personnel will be on the lookout for commercial motor vehicle drivers and passenger vehicle drivers engaging in risky driving behaviors in or around a commercial motor vehicle. Identified unsafe drivers will be pulled over and issued a citation or warning.

CVSA selected speeding as its focus this year because despite a drop in roadway travel last year due to the pandemic, nationally, traffic fatalities increased. According to the National Safety Council’s (NSC) preliminary estimates, the estimated rate of death on roads last year increased 24% over the previous 12-month period, despite miles driven dropping 13%. The increase in the rate of death is the highest estimated year-over-year jump NSC has calculated in 96 years.

Brake Safety Week is scheduled for Aug. 22-28

This year’s Brake Safety Week is scheduled for Aug. 22-28. During Brake Safety Week, commercial motor vehicle inspectors emphasize the importance of brake systems by conducting inspections and removing commercial motor vehicles found to have brake-related out-of-service violations from our roadways. At the same time, many motor carriers work to educate their drivers and maintenance service providers on the importance of brake system safety.

Throughout the week, inspectors will conduct North American Standard Inspections of commercial motor vehicles, focusing on the vehicle’s brake systems and components. In addition, inspectors will compile data on brake hoses/tubing, the focus area for this year’s Brake Safety Week, to submit to the Commercial Vehicle Safety Alliance (CVSA). CVSA will report its findings later this year.
BUSINESS COSTS
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Those in favor of the legislation also point to a 2013 report by the DOT which concluded that “at current levels, liability insurance does not appear to be functioning effectively as catastrophe coverage”.

Notwithstanding those arguments, opponents of the legislation claim that doubling and tripling of the minimum insurance requirement is arbitrary and dangerous and would dramatically drive up insurance premiums that would likely cripple many carriers, increase delivery rates which increase the cost of goods to consumers with little to no safety benefit. Additionally, they allege this effort is less about safety and more about the support trial lawyers have in Congress.

In a June 9 full committee markup of the legislation, there was an amendment to strike the insurance provision introduced by Rep. Mike Bost, R-Ill. The amendment failed a voice vote and a recorded vote was requested which also failed 38-30. If you’re not familiar, after an amendment to strike a provision is presented, there is a voice vote that is judged by level of sound (who was the loudest). In this meeting all votes fell mostly along party lines, i.e. regardless of sound the Democrat chair struck down the amendment.

The 19-hour hearing ended with the committee approving the five-year, $547 billion INVEST in America Act. The bill was sent to the House floor for further consideration. Be sure to contact your Representative and give your feedback on this very important issue.

CLAIMS TREND
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arguments, buckle up with both hands on the wheel and both eyes on the road. Trust your instinct. You should never be on the road if you don’t feel safe.

Although temperatures around the globe are steadily rising, temperatures naturally cycle back and forth between warmer and cooler periods, sometimes lasting decades. According to a study published in late 2019 (Nature Climate Change), winds across much of North America, Europe and Asia have been growing faster since about 2010. Prior to that, there had been a slowdown in wind speeds since the 1970s. Researchers believe that wind speeds are directly tied to the cycling back and forth of the climate. If they’re right, the faster, stronger wind speeds could continue for another decade or longer, until the next major shift.