

Available Tools to Successfully Underwrite Transportation Risks

By Libby Smith, Vice President Underwriting
Seaboard Underwriters, Inc.

Unless provided a crystal ball, there is no way to absolutely predict how profitable a transportation risk will be for any insurance carrier. A carrier must rely on the expertise of their underwriting teams and a lot of gut feelings. In 2005, there are more tools than ever to help quantify risks so gut feelings do not have to be the primary indicator of a successful account. Seventeen years of underwriting experience is an evolution in itself of researching the tools that work well for the decision makers. Some tools that are available and have been proven useful are an Underwriting Thought Process form, Motor Vehicle Report (MVR) analysis, Safer System, a detailed Schedule credit/debit worksheet, Loss Control surveys and a Safety First program.

No matter what type of transportation risk is being reviewed, an Underwriting Thought Process form is essential. This form is a step by step synopsis of the risk. An underwriter that uses this method of putting their thoughts on paper in one concise format, limits the risk of forgetting an important piece of information about the risk. This form captures vital information such as risk location, financial stability, prior loss history, driver details and insurance coverage needs. The form also serves as a snapshot for insurance carrier representatives and reinsurers to review their insureds' policies at audit time.

The next important step in underwriting transportation risks is to review all the drivers. A tool to help with this is to use a MVR analysis form. This form will organize the drivers alphabetically, summarize the violations and accidents, show driver experience levels and help determine driver turnover. This tool is very helpful for the underwriter to see the entire driver force at a glance even on an account with a hundred drivers. From this review, the underwriter can decide if the insured's driver selection meets the insurance carrier guidelines. Also a comparison can be made between the driver selection and the insured's own driver hiring standards. A sense of management style can be derived from the type of drivers that are hired. Does the insured follow their own guidelines? There may be a majority of inexperienced drivers or drivers with a lot of violations. Further questions can then be raised to find out how conscientious the insured's management in hiring good drivers and being proactive in avoiding losses. Good drivers are directly related to good transportation risks.

The Safer system is an internet tool www.safersys.org provided by the FMCSA (Federal Motor Carrier Safety Administration). This service is free to insurance providers. The Safer system provides safety information on virtually all transportation risks that are required to register with the Department of Transportation DOT. Registration depends on the weight of the equipment and type of carrier. The Safer report gives information on individual insureds regarding their DOT Safety rating – Satisfactory, Conditional or Unsatisfactory, information regarding vehicle and driver out of service percentages and

comparisons to the national average. It will also give individual details on number of power units and commodities hauled. This government website obtains its information from insureds that complete a MCS 150 to register for their authority for interstate commerce. In turn the DOT employees at interstate highway weigh stations across the country download safety out of service violations directly into the Safer system from vehicles being stopped and inspected. This tool is useful to underwriters who want to compare insureds and see if they meet the guidelines set up by the insurance carrier.

All insurance companies have some type of Schedule credit/debit worksheet. Either they have one filed with their state or use an ISO version. By using a very specific form, an underwriter can better judge their risk and quantify and justify the rate to be charged. A company should list qualities a risk should have that are pertinent to their program on their schedule rating form. Then underwriters can evaluate where their individual risk fits in. A debited account should logically require more premium than one with full credits. The risk selection is easier to visualize when the specific qualities are put on paper.

Once it has been determined that the underwriter wants to write an account, the premium has been quoted and accepted, a loss control survey can be a very effective tool to confirm whether the risk is acceptable or not. Professional Safety Consulting, Lincoln, Nebraska is a highly reputable and efficient loss control service company. By obtaining a loss control survey on a particular risk, the underwriter can confirm that the information given to the quote an account is accurate or they may learn new information about the account. Details such as number of units, commodities hauled, whether or not the insured has a safety program in place are all vital. If the information comes back adversely, then the underwriter can determine acceptability of the risk and cancel the policy if necessary. The surveys can be done via telephone or an on-site visit. A good loss control report can raise the underwriter's comfort level regarding a risk they just placed on the books. Loss control surveys are costly; especially the physical inspections. The value outweighs the costs by far.

Safety First Systems, LLC www.safetyfirst.com is an Internet and software company based in Cresskill, New Jersey which provides a commercial vehicle driver monitoring system. The primary product is a driver performance feedback service that highlights risk taking behaviors. Safety First serves the insurance carriers and insureds by providing bumper stickers with a toll-free number to be placed on all the equipment operated by the insured that is enrolled in this program. The public can call the service center to report bad driving or give a compliment. The report is then sent to the insured to obtain the management's response. Hopefully, the response is that the driver was counseled with safety pointers. Safety First will provide safety topics for the insureds to use. If management does not respond the insurance carrier is notified. At that time, the underwriter can make observations about the responsiveness of their insured. They can determine management style and if the safety precautions are taken seriously. The underwriter can decide if they want to offer renewal for next year depending on how cooperative the insured is with monitoring their drivers. If a risk has repeat offenders – drivers with more than one motorist observation report – the underwriter will have the

option to exclude this driver. The proper handling is determined by the insurance carrier and how much emphasis should be placed on these reports. The cost for the program is far out weighed by the lower loss frequency results. Proven statistics have shown that insurance carriers can lower their loss frequency percentage by an average of twenty percent by enrolling their insureds in a Safety First type program.

One can say there is no exact science to underwriting. Underwriting experience over all is a big factor and having good mentors along the way are valuable as well. Tools that are specific to the transportation industry are few but quite helpful. A comprehensive Underwriting Thought Process, MVR analysis, Safer system and detailed Schedule rating worksheets are good ways to gather thoughts and analyze individual risks. By using a Loss Control inspection service and a Safety First type driver monitoring program, underwriters can confirm whether they made a good decision in writing an account or not. Whatever tools an insurance carrier elects to use is far superior than relying on gut instincts alone. Attached are samples of the underwriting tools outlined in this report. These may not be all of the tools available but they are basic ones that underwriters can use – along with their experience – to successfully write transportation risks.

TRUCK ANALYSIS FORM

(Complete Supplemental Worksheet (Tab 2 below) if risk > 9 units)

AGENCY:	SAMPLE	NEW/RENEWAL:	R
INSURED:	SAMPLE	DOT RATING:	Sat 11-24-03
LOCATION:	Memphis, TN	MC #:	408579
EFF DATE:	3/31/2005	YRS IN BUS:	5
LIABILITY LIMIT:	\$1,000,000 CSL	TOTAL VALUES:	1,910,400
PHYS. DGE DED:	\$1000 comp & coll (not currently with Sirius)	T/TR DED.	
CARGO LIMIT/DED:	NA	T/TR/MTC DED.	
MAJOR CITIES:	Atlanta, Baltimore, Charlotte, Chicago, Cincinnati, Cleveland, Dallas, Denver, Detroit, Houston, Indian., Jacksonville, Little Rock, NYC, no LA, Phila.	SAFETY PROGRAM (Y OR N):	Y
		MAINTENANCE PROGRAM (Y OR N):	Y
COMMODITIES HAULED & %:	air conditioning equip & parts 30%, housewares & home products 30%, water treatment chemicals 10%, paper 20%, nails 5%		
# OF PWR UNITS:	34	RAD:	15% L 10% I 30% LLH 45% LH
TRACTOR:	34	SERVICE:	
ST. TRUCKS:		DUMP TRL:	
SEMI TRL:	109	SHAG TRACTOR:	
		VEHICLE OUT OF SERVICE:	25.6% 22.90%
		DRIVER OUT OF SERVICE:	7.0% 7.21%

PRORATE ON FILE (Y OR N):	Y	CURRENT FINANCIALS (Y OR N):	N	CAB RATING:	none
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PROJECTED REVENUES:	4,800,000	# MILES:	3,100,000	# UNITS:	34
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LIABILITY LOSSES										
	COMPANY	GROSS RECEIPTS	# MILES	\$\$ LOSSES	# UNITS	L/R	# CLAIMS	PREMIUM	FREQ %	AVG \$/UNIT CLAIMS
CY	Sirius America	4,700,000	3,095,357	0	34	0%	0	146,200	0%	0
1P	Sirius America	4,258,523	3,018,078	1,500	33	1%	1	171,080	3%	45
2P	Sirius America	3,049,620	2,086,410	18,519	27	11%	3	166,403	11%	686
3P	Ins. Corp of Hannover		1,580,970	30,823	25	24%	8	127,116	32%	1,233
4P	Ins. Corp of Hannover	700,238	1,035,488	94,944	10	123%	6	77,440	60%	9,494

PHYSICAL DAMAGE LOSSES									
	COMPANY	VALUES	PREMIUM	DEDUCTIBLES	\$\$ LOSSES	L/R	# CLAIMS	# UNITS	FREQ %
CY	Redland	1,900,000	54,492	1,000	0	0%	0	34	0%
1P	National Interstate	1,526,350	43,806	1,000	2,701	6%	1	33	3%
2P	Ins. co. of PA	2,230,131		1,000	4,300	#DIV/O!	1	27	4%
3P	Ins corp of Hannover	1,575,100		1,000	43,951	#DIV/O!	2	25	8%
4P	Ins corp of Hannover	1,414,300		1,000	6,783	#DIV/O!	4	10	40%

CARGO LOSSES										
	COMPANY	GROSS RECEIPTS	# MILES	\$\$ LOSSES	# UNITS	L/R	# CLAIMS	PREMIUM	FREQ %	AVG \$/UNIT CLAIMS
CY		4,700,000	3,095,357		34	#DIV/O!			0%	0
1P		4,258,523	3,018,078		33	#DIV/O!			0%	0
2P		3,049,620	2,086,410		27	#DIV/O!			0%	0
3P			1,580,970		25	#DIV/O!			0%	0
4P		700,238	1,035,488		10	#DIV/O!			0%	0

LOSS CONTROL										
DATE ORDERED:	DATE LETTER TO AGENT:									
DATE AGENT RESPONSE:										
COMMENTS:	Loss control report very favorable. There were no Critical or Important recommendations made. A critical rec from 2 yrs. Ago was complied with.									

Driver Turnover %	29.00%	If Driver Turnover % > 50%, see comments below.	% O/O vs. Company Drivers	97.00%
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MVR REVIEW

OF DRIVERS

34

PROBATIONS:

NON-DRIVING:

PRICING INFORMATION

CURRENT PRICING:

RECOMMENDED PRICING:

FINAL PRICING:

MINIMUM: MODIFICATION:

AUTO LIABILITY AVG/UNIT
 PHYSICAL DAMAGE RATE
 CARGO RATE
 OTHER OTHER

4,755
 2.86%

4,520
 2.70%

COMMENTS:

Based on the excellent loss control, excellent loss history with Sirius, good drivers, good driver turnover, safer numbers ok - I recommend a 5% renewal decrease in order to retain this exceptional renewal. The insured cooperates with Safety First and reports their drivers as required. When we first wrote this account the operation was more local & intermediate - more intermodal exposure. The operation has changed to more long haul away from the intermodal. The pricing started out at \$4400/unit and was increased to \$4700 due to the increased exposure. The gross receipts are in line with the estimate given.

DATE:

2/14/2005

U/W:

Libby Smith

REFERRAL:

MVR ANALYSIS

Driver Name	MVR DATE	ST	CDL Class	YOB	Age	Clean	Violations		Accidents		Action Taken
							# Minor	# Major	# AF	# NAF	
Abdel-Karim Najeh	7/17/02	TN	A	1974	29	X					
Allen, Michael K	11/23/04	MS	A	1981	23	X					
Andrews, Larry	12/16/03	AR	A	1960	43		1				Added 1/13/04
Askew, Dennis	7/17/02	TN	A	1964	39	X					Deleted 2/03
Bailey, Bruce	4/11/03	MS	A	1968	35		1				
Baker, Brian Louis	7/17/02	TN	A	1966	37				1		
Baker, Lloyd D	7/17/02	MS	A	1965	37	X					
Bailey, Robert	3/30/04	MS	A	1956	46		1				Added 3/30/04
Bowen, Hugh E	7/17/02	MS	A	1966	35				1		
Casalman, James	7/17/02	AR	A	1956	47	X					Deleted 12/02
Cassler, Grover	3/5/03	TN	A	1948	55	X					
Clifton, Michael W	8/12/04	MS	A	1969	35		2				Added 8/18/04
Delaney, Paul M	10/4/02	MS	A	1969	34	X					Deleted 8/3/03
Douglas, Robert	10/31/02	AR	A	1947	56	X					
Falkner, Cedric Stanley	11/22/02	TN	A	1956	47	X					Deleted 8/3/03
French, George	7/17/02	TN	A	1945	58		2		1		
Gathwright, Darryl Dwayne	7/17/02	TN	A	1964	39				1		
Gibson, Robert	7/17/02	TN	A	1941	62	X					Deleted 12/02
Gresham, Melvin G	7/17/02	MS	A	1951	52	X					
Harper, Irvin William	9/19/02	MO	A	1937	64	X					Deleted 4/1/03
Haynes, Shannon Ray	8/1/03	AR	A	1970	33		1				Added 8/6/03
Hudson, Richard Earl	11/6/03	TN	A	1958	47	X					Added 11/7/03
Hughes, William Daveriel	7/17/02	TN	A	1970	33	X					Deleted 12/02
Ingraham, Donald	7/17/02	TN	A	1967	35		2				
Jackson, Jimmy Ray	2/24/03	MS	A	1961	42	X					
Jackson, Terrell	8/1/03	TN	A	1968	33	X					Added 8/6/03
Johnson, Curtis Dwight	10/25/04	TN	A	1955	49	X					Added 10/25/04
Johnson, James Donald	12/20/02	TN	A	1943	60	X					
Johnson, James Lee	7/17/02	TN	A	1946	57	X					
Johnson, Ralphel	2/2/04	TN	A	1971	32				1		Added 3/2/04
Jones, Kenneth H	7/17/02	MS	A	1958	45		1				
Knight, James A	7/17/02	MS	A	1957	46	X					
Macklin, Alfred	7/17/02	TN	A	1962	41		1				Deleted 12/02
Mayes, Hubert Raleigh	7/17/02	TN	A	1966	37	X					
McLaughlin, Thomas Lamar	8/26/03	TN	A	1963	40	X					Added 8/27/03
McMullen, Christopher G	11/22/02	MS	A	1967	36		1				Deleted 4/1/03, Added 11/4/03
Melton, William A	1/22/03	MS	A	1968	35	X					
North, Kenneth LeRoy	7/17/02	TN	A	1952	51		3				
Oliver, John E	7/19/02	MS	A	1964	39				1		
Pannell, Roger D	4/5/04	TN	A	1976	27		1				Added 4/26/04
Poole, Marlon	11/3/04	TN	A	1966	38		1		1		
Russell, Lowell Scott	7/17/02	MS	A	1973	30	X					
Savachik, Richard Joseph	7/17/02	TN	A	1964	39	X					
Seals, David Lee	6/15/04	TN	A	1966	37		1				Added 6/18/04
Shell, Richard D	7/17/02	MS	A	1974	29	X					
Skelton, James M	7/17/02	MS	A	1963	40	X					
Smith, Ricky Junior	7/17/02	AR	A	1957	46	X					Deleted 8/3/03
Stanton, Gary D	10/7/02	MS	A	1954	49		1				
Shorter, James	7/10/03	TN	A	1969	34		1		2		Added 7/10/03
Stroud, Lonnie Wayne	3/21/03	MS	A	1963	40	X					
Taylor, Larry G	2/26/03	MS	A	1958	45	X					

MVR ANALYSIS

Driver Name	MVR DATE	ST	CDL Class	YOB	Age	Clean	Violations		Accidents		Action Taken
							# Minor	# Major	# AF	# NAF	
Thomas, Richard M	2/24/03	MS	A	1965	38		2				
Tucker, Billy	12/17/02	AR	A	1950	53	X					
Vance, John P	12/11/02	MS	A	1963	40	X					
Veasey, Eddie Lewis	7/17/02	TN	A	1954	49		1				
Weir, Andrew Theodore	7/17/02	TN	A	1959	44				1		
Williams, Timothy Jay	4/11/03	TN	A	1962	41		1				
Wright, Willie A	3/13/03	MS	A	1948	55	X					
Yarbrough, Gary	9/22/04	MS	A	1975	28		1				
Young, Daniel Lester	11/5/02	MS	A	1975	28	X					
				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						
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				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						
				2003	0						

% Clean 59	# Power Units _____	# Drivers 51
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Comments:

Underwriters Approval
 updated 12/08/04-Patricia

USDOT Number MC/MX Number Name

Enter Value:

Company Snapshot

USDOT Number: 955

ID/Operations | Inspections/Crashes | Safety Rating | Insurance

Carriers: If you would like to update the following ID/Operations information, please complete and submit form **MCS-150** which can be obtained online or from your State FMCSA office. If you would like to challenge the accuracy of your company's safety data, you can do so using FMCSA's DataQs system.

Other Information for this Carrier

- ▼ [SafeStat Result](#)
- ▼ [Licensing & Insurance](#)

Carrier and other users: FMCSA provides the Company Safety Profile (CSP) to motor carriers and the general public interested in obtaining greater detail on a particular motor carrier's safety performance than what is captured in the Company Snapshot. To obtain a CSP please visit the CSP order page or call (800)832-5660 or (703)280-4001 (Fee Required).

For help on the explanation of individual data fields, click on any field name or for help of a general nature go to **SAFER General Help**.

The information below reflects the content of the FMCSA management information systems as of **02/27/2005**.

Entity Type:	Carrier		
Out of Service (Interstate Only):	No	Out of Service Date:	None
Legal Name:	[REDACTED]		
DBA Name:	[REDACTED]		
Physical Address:	MEMPHIS, TN 38115		
Phone:	[REDACTED]		
Mailing Address:	MEMPHIS, TN 38115		
USDOT Number:	955192	State Carrier ID Number:	
MC or MX Number:	408579	DUNS Number:	--
Power Units:	36	Drivers:	35
MCS-150 Form Date:	10/28/2003	MCS-150 Mileage (Year):	2,484,735 (2002)
Operation Classification:			

<input checked="" type="checkbox"/> Auth. For Hire	Priv. Pass.(Non-business)	State Gov't
Exempt For Hire	Migrant	Local Gov't
Private(Property)	U.S. Mail	Indian Nation
Priv. Pass. (Business)	Fed. Gov't	
Carrier Operation:		
<input checked="" type="checkbox"/> Interstate	Intrastate Only (HM)	Intrastate Only (Non-HM)
HM Shipper Operation:		
	Interstate	Intrastate
Cargo Carried:		
<input checked="" type="checkbox"/> General Freight	Liquids/Gases	<input checked="" type="checkbox"/> Chemicals
Household Goods	<input checked="" type="checkbox"/> Intermodal Cont.	Commodities Dry Bulk
Metal: sheets, coils, rolls	Passengers	Refrigerated Food
Motor Vehicles	Oilfield Equipment	<input checked="" type="checkbox"/> Beverages
Drive/Tow away	Livestock	<input checked="" type="checkbox"/> Paper Products
Logs, Poles, Beams, Lumber	Grain, Feed, Hay	Utilities
<input checked="" type="checkbox"/> Building Materials	Coal/Coke	Agricultural/Farm Supplies
Mobile Homes	Meat	Construction
Machinery, Large Objects	Garbage/Refuse	Water Well
Fresh Produce	US Mail	

ID/Operations | Inspections/Crashes | Safety Rating | Insurance

Inspection results for 24 months prior to: **02/27/2005**

Total inspections: 121

Note: Total inspections may be less than the sum of vehicle, driver, and hazmat inspections. Go to [Inspections](#) for further information.

Inspections:

Inspection Type	Vehicle	Driver	Hazmat
Inspections	85	119	16
Out of Service	20	8	3
Out of Service %	23.5%	6.7%	18.8%
Nat'l Average % (2003)	22.92%	6.78%	5.26%

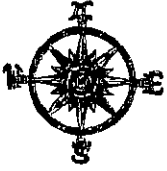
Seaboard Underwriters, Inc.

- Auto Liability
- Auto Physical Damage
- Cargo

Schedule Rating Worksheet
Commercial Auto-
Countrywide Except Louisiana

Named Insured or Applicant	Policy No.	Effective Date	Hdqtrs. State

Risk Characteristics	Cr/Dr Range	Cr (-)	Dr (+)	Justification/Source
Management				
a. Yrs. Experience in Business	10% to 10%			
- new venture 10%Dr (0-1 year)				
- 2 to 5 years experience - 1.00				
- Over 5 years 10%Cr				
b. Financial Condition of Risk	10% to 10%			
- CAB of Fair or Better 10%CR				
- CAB of Barely Fair - 1.00				
- CAB of Poor - 5% Dr				
- CAB of Unsatisfactory or Worse - 10%Dr				
Drivers				
a. Driver Out of Service %	10% to 10%			
- Below Industry Average 10%Cr		-10%		
- Above Industry Average 10%Dr				
b. Hiring Practices: Application required, references and prior employers checked, pre-employment physicals, motor vehicle records checked, testing of vehicle familiarity and driving ability, owner-operator drivers. Participation in defensive driving courses Training: Road operation, ICC or special requirements where applicable, special handling of materials when required, driver vehicle checkout.	10% to 15%			
c. Basis of Remuneration:	15% to 0%			
- Per trip/load 15%Dr				
- All Other 1.00				
d. Driver Turnover	10% to 10%			
- < 25% 10%Cr				
- 26% - 50% 1.00				
- > 50% 10%Dr				
e. Source of Applicants: Employee referral, employment agencies, driving schools, other.	5% to 5%			
Equipment				
a. Vehicle Out Of Service %	10% to 10%			
- Below National Average 10%Cr				
- Above National Average 10%Dr			10%	OOS just slightly over the national average.
b. Tractor Condition, Age and Safety of Equipment	10% to 10%			
- < 4 years 10%Cr				
- 5 - 8 Years 1.00				
- > 8 Years 10%Dr				
c. Maintenance: Scheduled inspections and servicing, driver vehicle condition reports, repair and service facilities utilized.	5% to 5%			
Loss Control/Loss History				
a. Loss History (3- 5 years of valuation)	10% to 10%			
- < 30% 10%Cr		-10%		loss ratio 9% past 4 years
- 31% to 55% 1.00				
- > 55% 10%Dr				
b. Safety Director: Experienced, full or part-time position, defined scope of duties, management backing, time in position. Periodic safety meetings with safety literature, awards/penalties procedure, constructive safety literature, award/penalty	5% to 15%	-5%		extensive safety program complied with loss control recommendations.
c. Accident investigation: All accidents reported to insured, all accidents investigated by insured, accident analysis by trained personnel, accident analysis reviewed with driver involved and corrective action taken.	5% to 10%			
d. Response/Cooperation w/Safety First on renewals	5% to 5%	-5%		very cooperative with Safety First
Specific Exposure/Demographics				
a. Miles per Unit - Non Metro	10% to 10%			
- < 80,000 10%Cr				
- 80,000 to 110,000 1.00				
- 110,000 to 125,000 5%Dr				
- > 125,000 10%Dr				
b. Geographical Peculiarities: Regular and frequent operation in geographical territories not contemplated in rating location of the risk. Metro Exposure.	10% to 10%			
c. Specific Commodity Classes	10%			
- flatbed 10%Dr				
- Intermodal 10%Dr				
- Auto haulers 10% Dr				
		Cr (-)	Dr (+)	
Totals		-30%	10%	
Net Cr/Dr		-20%		



Professional Safety Consulting, Inc.

645 "M" Street, Suite 202; Lincoln, NE 68508
Phone (402) 474-3323; Fax (402) 474-3318

10 LIBBY
to review
sh
10/20/03

Fleet Safety Evaluation - Level 3 for SEABOARD UNDERWRITERS, INC.

Account Name: ~~Focus Carriers~~
Address: ~~6500 Midway, Suite 11200~~
Memphis, TN 38115

Policy No.: LHT1001294B102
Underwriter: Libby Smith
Effective Date: 10/3/03
Agent: ~~Libby Smith~~
Contact & Title: ~~Libby Smith~~
Surveyed By: Ron Dobbs, CDS
Survey Date: October 8, 2003

sh
10/24/03
good report

Summary:

~~Focus Carriers~~ has made significant improvements since our the previous survey conducted in October 2002. Most of these improvements are the result of hiring an outside safety firm, Motor Carrier Safety Specialists (MCSS), to handle the safety functions of the company. MCSS does not simply make suggestions, but rather enters into a contract with the client to provide safety services, in effect becoming the safety department for the carrier. MCSS is familiar with federal regulations and provides driver screening at the time of hire, including background checks, pre-employment drug testing, and orientation/training. They continue to provide services to the insured by auditing driver logs, conducting random drug tests, presenting quarterly safety meetings, and holding special classes such as HazMat and hours-of-service compliance. MCSS has the authority to hire and terminate drivers. MCSS came on board with Focus in early September 2003 and has made significant changes and improvements.

The critical recommendations from the previous inspection have been addressed. With respect to the "Important" recommendations, MCSS provides HazMat training; an accident register is being maintained; vehicle inspections for new leases are maintained; accident kits and cameras are kept in a zippered bag; and a set of written safety policies and procedures are provided to each driver. Other "Suggested" recommendations have also been corrected or implemented. MCSS requires periodic inspections of all equipment, monitors the client's SAFER report, acts as the company safety and accident review committee, and provides drug testing through their own consortium.

✓
great

~~Focus Carriers~~, ~~Motor Carrier Safety Specialists~~, has had some growth during the past 12 months. The general operations of the company have not changed as far as where they go and commodities hauled. They continue to be a truckload carrier of dry cargo, as well as a provider of intermodal delivery. They haul some hazardous materials and are a registered HazMat carrier. MCSS provides the required periodic training.

see file.

The company continues to primarily be an owner/operator company pulling leased trailers from a variety of suppliers. Empty trailers are dropped on a rented drop yard in Memphis, which is fenced and secured.

MCSS requires new owner/operators to have their vehicles available for inspection at the time of signing the lease. They must also provide maintenance information. MCSS keeps a maintenance file on each piece of equipment.

Account: ~~Clark's Transportation and Express Carriers~~
~~Memphis, TN~~
Policy No.: LHT1001294B102

Fleet Safety Evaluation for SEABOARD
Survey Date: October 8, 2003
Page 2

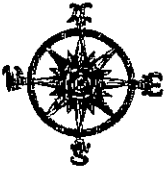
The local drivers continue to use time cards, while the over-the-road drivers complete logs, which are audited by MCSS in their office in Horn Lake, MS. Their driver out-of-service rate had increased from 9.1% last year to approximately 16%; however, the rate has been reduced since MCSS started auditing the logs and is now at 15.6%. Drivers with repeat log violations are brought to the Horn Lake office for retraining. If they continue to have violation problems, they are dismissed.

The real impetus for hiring MCSS was the "Conditional" rating received by the company in February 2003 and the pending second visit in September. The re-visit has been made and although it does not show up yet, Focus is expected to have a "Satisfactory" rating. ✓

As noted earlier, this account was "borderline" last visit, however, it appears that significant improvements have been made and they are continuing to be made to the extent that the company is now acceptable.

✓
good.

Note: This is a "sample"
of a complete full report.
Other information is provided
in the full report.



Professional Safety Consulting, Inc.

645 "M" Street, Suite 202; Lincoln, NE 68508
Phone (402) 474-3323; Fax (402) 474-3318

October 13, 2003

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Re: On-Site Loss Control Visit
Policy No. LHT1001294B102

Dear [REDACTED]:

This letter will confirm our safety survey of your operations on October 8, 2003, conducted on behalf of Seaboard Underwriters, Inc. as a service to you as a valued customer. As a result of this survey, we are suggesting the following recommendations to assist you in your accident prevention and safety efforts.

CRITICAL RECOMMENDATIONS - these recommendations are very important, and should be implemented immediately.

None

IMPORTANT RECOMMENDATIONS - these recommendations are important, and should be implemented as soon as practicable.

None

SUGGESTED RECOMMENDATIONS - these recommendations are offered in an effort to help you enhance your safety program.

1. It is suggested that the company become familiar with the FMCSA's revised Hours-of Service Regulations that will go into effect Sunday, January 4th, 2004. All company personnel including drivers and dispatchers should receive adequate training on the new regulations prior to the effective date. There are numerous industry vendors, web sites, etc. that can be of assistance with training materials, videos, etc. Documentation of training should be maintained on file for all employees.

I appreciated the courtesy you extended to me during my visit. If you should need further clarification of these recommendations, please call me. Please respond to the underwriter when you have implemented the "Critical" and "Important" recommendations.

As a Seaboard customer, you are always welcome to call us with any safety or regulatory questions at 800-659-3025.

We look forward to working with you in the future.

Sincerely yours,

Ron Dobbs, CDS,
Consultant

cc: Libby Smith, Seaboard Underwriters, Inc.

- Sample newsletter that is sent to insureds. -

Professional Safety Consulting, Inc.

Friday Safety Brief

Phone: 402-474-3323 • Fax: 402-474-3318 • E-mail: psc@psccorp.com • Website: www.pscorp.com


Compliments of:
**Seaboard
Underwriters,
Inc.**

February 18, 2005

Safety Audit vs. Compliance Audit

A "Safety Audit" for New Entrants is not exactly the same as a "Compliance Audit"

§385.305 What happens after the FMCSA receives a request for new entrant registration?

- 
- The requester for new entrant registration will be directed to the FMCSA Internet website – www.fmcsa.dot.gov – to secure and/or complete the application package online.
 - The application package will contain the following:
 - Educational and technical assistance material regarding the requirements of the FMCSRs and HMRs, if applicable.
 - The Form MCS-150, The Motor Carrier Identification Report.
 - The Form MCS-150A, The Safety Certification for Applications for U.S. DOT Number.
 - Application forms to obtain operating authority under 49 CFR 365, as appropriate.
 - Upon completion of the application forms, the new entrant will be issued a USDOT number.
 - For-hire motor carriers, unless providing transportation exempt from 49 CFR part 365 registration requirements, must also comply with the procedures established in 49 CFR part 365 to obtain operating authority before operating in interstate commerce.

§385.307 What happens after a motor carrier begins operations as a new entrant?

After a new entrant satisfies all applicable pre-operational requirements, it will be subject to the new entrant safety monitoring procedures for a period of 18 months. During this 18-month period:

- The new entrant's roadside safety performance will be closely monitored to ensure the new entrant has basic safety management controls that are operating effectively. An accident rate or driver or vehicle violation rate that is higher than the industry average for similar motor carrier operations may cause the FMCSA to conduct an expedited safety audit or compliance review at any time.
- A safety audit will be conducted on the new entrant, once it has been in operation for enough time to have sufficient records to allow the agency to evaluate the adequacy of its basic safety management controls. This period will generally be at least 3 months.
- All records and documents required for the safety audit shall be made available for inspection upon request by an individual certified under FMCSA regulations to perform safety audits.

§385.309 What is the purpose of the safety audit?

The purpose of a safety audit is to:

- Provide educational and technical assistance to the new entrant; and
- Gather safety data needed to make an assessment of the new entrant's safety performance and adequacy of its basic safety management controls.

§385.311 What will the safety audit consist of?

The safety audit will consist of a review of the new entrant's safety management systems and a sample of required records to assess compliance with the FMCSRs, applicable HMRs and related record-keeping requirements as specified in Appendix A of this part. The areas for review include, but are not limited to, the following:

- Driver qualification;
- Driver duty status;
- Vehicle maintenance;
- Accident register; and
- Controlled substances and alcohol use and testing requirements.



CDL Guidance: ?

Question: Is a driver of a combination vehicle with a GCWR of less than 26,001 pounds required to obtain a CDL even if the trailer GVWR is more than 10,000 pounds?

Guidance: No, because the GCWR is less than 26,001 pounds. The driver would need a CDL if the vehicle is transporting HM requiring the vehicle to be placarded or if it is designed to transport 16 or more persons.

This publication is provided for information purposes only and is not intended as a complete or exhaustive source of compliance or safety information. This "Safety Brief" is advisory in nature and does not warrant, guarantee, or otherwise certify compliance with laws, regulations, requirements, or guidelines of any local, state, or Federal agency and/or governing body, or industry standards.

The insured receives this report to response back to SafetyFirst. If no response, company underwriter is notified by getting a copy.



Motorist Observation Report

Company: ~~MEMPHIS MOTORIST OBSERVATION SERVICE~~ Policy #: LHT1000800A101
Attention: ~~CHRISTOPHER, ENKLY, LORRAINE, PATRICIA, LLOYD~~

Report #: 49,682 Caller Name: ON FILE CSR: DA
Report Type: COMPLAINT Phone: ON FILE
Date Of Report: 07/24/2004 Date Of Incident: 07/24/2004
Time: 11:59 AM EST Time: 10:59 AM CENTRAL

Vehicle Details
Decal Number: 562AG Plate State: TN Vehicle Year: 98
Vehicle Number: 7509 Vehicle Type: Trailer Vehicle Color:
Plate Number: 7509 Vehicle Make: LUFKIN Vehicle Model: TRAILER

Incident Details
Location: INTERSTATE 40 EASTBOUND City, State: MEMPHIS, TN
Conditions: MEDIUM TRAFFIC ON DRY ROADS IN CLOUDY WEATHER IN A(N) URBAN INTERSTATE/HIGHWAY AREA
Detail Modified: No
Details: CALLER WAS TRAVELING ON INTERSTATE 40 EASTBOUND. CALLER STATED THE DRIVER WHO WAS IN THE RIGHT LANE MERGED OVER TO THE LEFT LANE WHEN THEIR LANE WAS CLOSING WITHOUT USING THEIR TURN SIGNALS, AND BY DOING SO HE CUT THE CALLER OFF WITHIN A CARS LENGTH.

Survey

Categories

Did caller give a decal number? Y/N Yes
Did caller give a vehicle number? Y/N No
Did caller give a plate number? Y/N No
Did caller give a company name? Y/N No

DISCOURTESY
FAILURE TO USE SIGNALS

Please Complete The Information Below And Return This Form To SafetyFirst FAX 201-567-6057

Manager Action

Driver Response

- Public Recognition/Award/Thank You
- No Action Taken
- Verbal Counseling
- Verbal Warning
- Written Warning
- Defensive Driving Course Ordered

- Thank You For The Compliment
- Agree/Will Be More Careful
- Disagree/Incident Did Not Happen
- Had A Counselling Session With Management
- Did Not Have Counselling Session

Other: _____

Other: _____

Manager Comment: _____

Driver (Print): _____

Manager (Print): _____

Driver (Sign): _____

Manager (Sign): _____

Driver License Number: _____

Date Driver Counseled: _____

And / Or
Badge/Employee #: _____

Date Of Hire: _____

Delivering “Ten Minute Training” Topics To Drivers

Ongoing communication about driving safety is one of the best ways to prevent vehicle collisions.

Companies who have been successful at reducing collisions rely on frequent, simple, focused discussions with their drivers. Key topics range from backing maneuvers, how to report accidents, and keys to effective driving.

All drivers - full time, part time and the occasional - should participate in these training sessions.

You don't have to be a professional speaker to provide an effective message. Here are some tips on preparing and delivering a consistent presentation.

Preparation

1. Read through the topic materials and jot down any questions you have about the material for follow up later.
2. Check with your safety management team to see how this topic has been addressed in the past by your company.
3. Familiarize yourself with any company policies that relate to this topic.
4. Plan a schedule for the training event – you may want to conduct the session more than once if not all drivers will be able to attend the first session, or if there are multiple shifts, locations or many part-timers who will not be present.
5. Try practicing your introduction to the session so that it is natural (not forced or simply read from a card) and run through the main discussion points out loud.
6. If the topic could be supported with visual aids such as having a truck handy or using pictures of actual equipment, get these items in order well in advance of the meeting.
7. Print or photocopy handouts from our training topics and any other material you intend to use at the meeting (copies of company policies, etc.).

On The Day of Training

Plan to limit the length of your presentation. Our topics are designed to be presented in about ten minutes, but you need to allow for questions during or after your presentation.

After welcoming your drivers, promote how these training meetings not only provide valuable information but also give everyone the opportunity to get together and exchange ideas.

Start the training session with statistics that relate to the topic (provided in most of our training topic articles), and add any company specific statistics that you have found (i.e. “Nationally, motor vehicle collisions are the number one workplace fatality. Thankfully, our company has never had a fatality and we are meeting today to help assure that we never do”).

The purpose of any training session is to get people to think about safety problems and how they, personally, will change their own habits. Encouraging their questions and fair discussion can be more effective than simply reading the training topic and dismissing the audience. Some suggestions:

- Have your audience describe situations or hazards that they have seen that relate to the topic, and what they did to deal with them.
- Encourage the audience to offer suggestions to improve safety performance related to the topic.
- When asking questions, try to use “open-ended” questions instead of questions that require only a yes or no answer.

Whenever possible, insert examples from your company’s own experience (i.e. Past accidents, patterns in previous accident histories, insurance carrier recommendations on fleet safety that support this topic, etc.) In some topics, you might want to demonstrate the message by using one of the company’s vehicles.

At the end of the presentation, repeat the key points to reinforce the topic. Make sure to thank your drivers for their interest and enthusiasm.

If your company sponsors a safety award system, mention how this topic (and their attention to it) will impact the program (i.e. “If no backing accidents during the next thirty days, we’ll add \$500 to the safety bonus jackpot”, etc.)

In Addition to The Topic Material

There may be times when you want to add to the discussion driver safety problems that your firm is encountering at the moment. You could review recent accidents for tips on how they might have been prevented. You could review company policies that address safety in order to highlight why the policies are important and to assure that everyone is familiar with the details of the policy.

Recording Keeping

Now that you’ve taken the time to prepare and present the training topic, take an additional moment to record the time, place, date, topic and attendees of your driver safety meeting. You may also want to record any specific problems or concerns raised during the session and any significant suggestions or comments made by the attendees for management’s consideration.

SafetyFirst

Because Results Count

Ten-Minute Training Topics

Honoring Right of Way: On Ramps

Statistics

[While] Exceeding the posted speed limit or driving at an unsafe speed was the most common error in fatal accidents...Right-of-way violations predominated in the injury and all accidents categories. – “**Injury Facts**” 2003 Edition (Nat’l Safety Council)

During 2002, “failed to yield” collisions resulted in 10.1% of all *fatal* crashes attributed to “improper driving”. “Failed to yield” collisions accounted for 14.3% of Injury Accidents and 11.4% of All Accidents that were due to “improper driving”. – “**Injury Facts**” 2003 Edition (Nat’l Safety Council)

Overview

To *yield* means a driver gives the right-of-way to another driver or pedestrian.

Where vehicles are likely to meet one another (with or without the help of signs or signals to regulate traffic) there are rules that say who must yield the right-of-way. These rules tell drivers who goes first and who must wait in different traffic situations.

The law says who must *yield* the right-of-way; it does not *give* anyone the right-of-way.

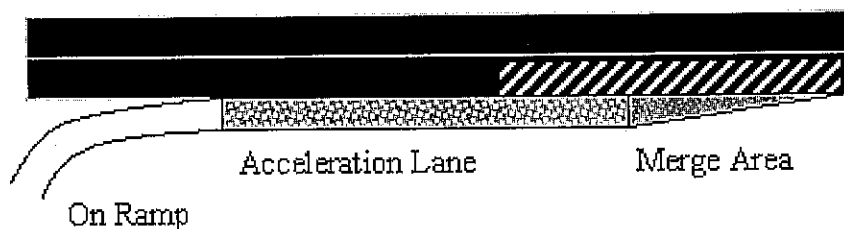
Of course, you should do everything you can to prevent striking a pedestrian or another vehicle, regardless of the circumstances.

Although this topic focuses on handling merges at “on-ramps”, here are a few other situations where a driver should yield (from State of Illinois Driver Manual):

- When police or emergency vehicles are using sirens or flashing lights. The driver should pull to the right-hand edge of the roadway and stop, if necessary. Intersections should not be blocked.
- When making a right turn on red after a stop (where permitted by law)
- To oncoming traffic when making a left-hand turn
- Even after the light turns green when there are vehicles in the intersection
- When emerging from an alley, building, or driveway after coming to a complete stop
- When pulling out of a parking space
- When entering a road from a parking lot or roadside rest area
- When pedestrians are in crosswalks
- Ahead of construction zones when lanes are blocked or restricted

Merging onto Highways

With rare exceptions, entering an interstate highway starts with an **on ramp** (or “entrance ramp”) that leads to **acceleration lane**.



While on the entrance ramp, start checking traffic conditions on the highway. You want to have a sense of openings in traffic as early as possible so that you will not run out of room on the acceleration lane.

Vehicles that end up moving very slowly or coming to a stop in the acceleration lane create a hazard to other motorists and could be in danger of being struck from behind. Use your directional ("turning") signal to warn others of your planned move.

Always be careful of vehicles that are in front of yours while in the acceleration lane - be ready in case it slows or stops without warning.

As you look for your spot in the stream of traffic, be aware that all vehicles (including yours) have "blind areas" – those areas where your mirrors may not show that another vehicle is along side of your vehicle. This is another reason to use directional signals and turn your head in addition to using your mirrors.

When you've spotted a safe gap or opening in the approaching traffic, adjust your speed to match. As you merge, make sure you are traveling the same speed as other traffic.

Remember that traffic on the interstate has the right of way. You can't always count on other drivers either seeing you or moving over to give you room to enter.

Once merged into traffic, avoid unnecessary lane changing. Unless you are overtaking and passing or making an exit to the left stay in the right-hand lane.

Meter Lights

Ramp meters are traffic lights at the on-ramp to a freeway. Meter lights are becoming more popular in cities where there are heavy traveled, urban highways. Essentially, meter lights are a traffic light that switches between red and green, releasing one or two cars at a time onto the highway.

Metering lights were first installed more than four decades ago in Chicago, Detroit and in California. The idea is to break up long strings of merging vehicles during peak morning hours. The expected benefits include improved travel time for commuters, less stop-and-go traffic and fewer rear-end and sideswipe collisions.

Typically, these lights are placed on the entrance ramp so that you will have room to accelerate safely up to highway speeds.

Summary

Properly yielding the right-of-way can help prevent accidents and save lives. Right-of-way is something that is given to others on the roadway.

There may be times when you will need to give the right-of-way even when another driver is not following the rules of the road in order to avoid an accident.

If you would like to learn more about honoring the right of way in a variety of situations, you can check with your state's department of motor vehicles. The booklets that are provided to student drivers contain a surprising amount of good information and practical tips. Many states have placed these manuals on their web sites to make updates easier to process and to let everyone benefit from the easy access.