



VICTOR D.  
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# Driver Selection & Safety

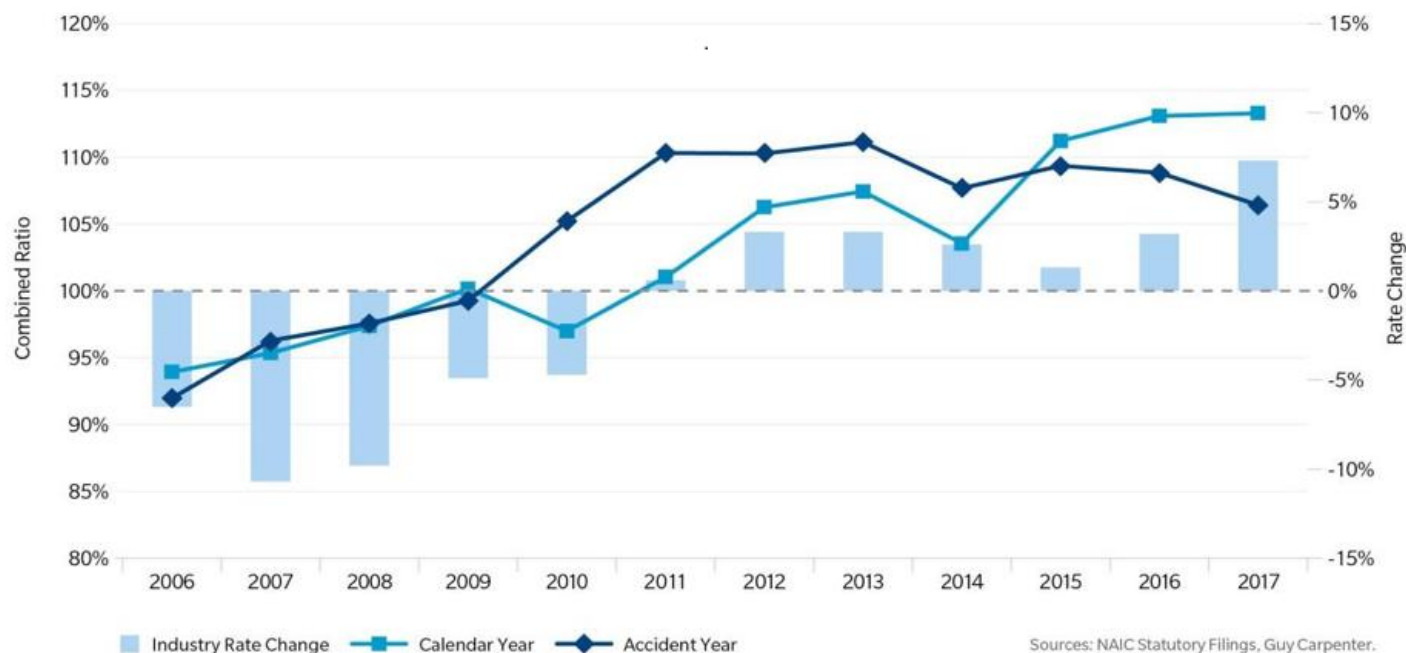
## Commercial Auto: Logging and Log Hauling



# Commercial Auto Industry Challenges

- Commercial auto loss ratios continue to rise\*
- Deaths from large truck related crashes reached highest in level in 29 years\*\*

COMMERCIAL AUTO LIABILITY TRENDS



\*Source: Insurance Journal April 2019

\*\*Source: National Highway Traffic Administration

# Commercial Auto Industry Challenges (continued)

## Auto Liability & Physical Damage Lost Costs Continue To Increase

- Liability:
  - Rising medical costs
  - Plaintiff bar involvement – driving severity and time to close cases
- Physical Damage:
  - Inflation – auto repair costs are rising
  - High costs of towing
  - Rollover accidents – frequency and severity
  - Impacts from recent tariff threats



# Underwriting Factors

- Driver shortage – lack of qualified drivers
- Distracted driving
- Increase in plaintiff bar involvement
- Mill consolidation (log haulers)
- Aging and/or inexperienced drivers



# Industry Focus: Commercial Auto Improvements

- Driver training: certification in certain states
- Telematics: greater use in GPS, on board cameras, etc. to monitor driver behavior
- Adequate pricing and reserving practices
- Loss control – greater carrier involvement into insureds driver safety and vehicle maintenance programs



# Targeted Risk Characteristics

Commonly use contracts and operate in general geographical area

Have established vehicle inspection, preventative maintenance and replacement schedules

Have 80% of drivers with no more than one MVR infraction in the past 3 years

Operate intrastate within A 50 mile radius

Have A written safety program with regards for safe driving and disciplinary procedures for poor drivers

Provide wages greater than or equal to the industry

Have average annual turnover less than 25% with an average driver tenure of 3 years or more

Have established driver selection screening criteria and driver training programs

CAB/SAFER vehicle and driver OOS rate at or below national average

# Underwriting Characteristics

## Motor Vehicle Reports

- **Major items to consider when reviewing MVRs**
  - Driver age
  - Number of violations, if any
  - Number of years licensed
  - Number of years with a commercial driver's license
  - Commodities hauled
- **Guidelines to which we adhere**
  - Drivers whose records include an of the following in the past three years shall be ineligible:
    - Any “major violation” as defined below
    - Three or more “minor violations” as defined below
    - Any combination of three or more “minor violations” and/or at-fault accidents
    - Two or more at-fault accidents



# MVR Definitions

## Major violation

- Careless driving
- Conducting A speed contest or racing
- Driving under the influence of drugs or alcohol
- Driving while intoxicated
- Eluding an officer
- Failure to report an accident
- Failure to leave name and address at the scene of an accident
- Fraudulent use of an operator's license
- Hit and run
- Making A fake accident report
- Manslaughter or homicide arising out of the use of A motor vehicle
- Operating A motor vehicle during A period of license suspension or revocation
- Operating A motor vehicle without the owner's authority to do so
- Reckless driving
- Refusal to submit to alcohol or drug testing
- Use of motor vehicle in the commission of A felony



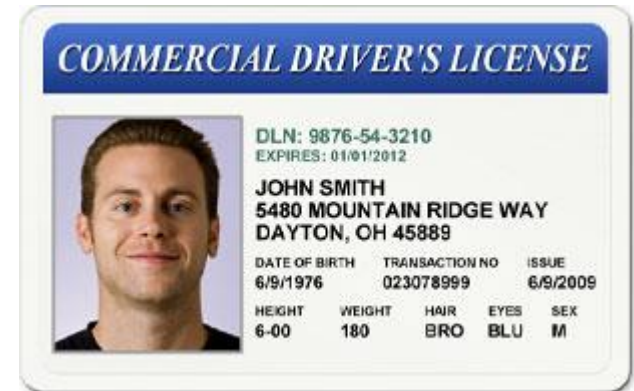
## MVR Definitions (continued)

### Minor violation

- Failure to display valid vehicle license plates, provided that such valid plate are in existence
- Failure to have operator's license in possession, provided that A valid license for the vehicle being operated is in existence

### Motor vehicle “equipment” violations

- Any violation involving vehicle or trailer brakes, including but not limited to:
  - Brakes out of adjustment
  - Defective brakes or brake lights
  - Inadequate brakes or brake linings



# CAB & SAFER REPORTS

## Items to consider when reviewing Central Analysis Bureau (CAB) and SAFER reports

- DOT rating/score
- ISS score and whether an inspection is warranted
- CAB BASIC scores
  - Unsafe driving
  - Hours of service
  - Vehicle maintenance
- CAB “alerts”
  - Severe violations
- The number of power units should closely match the insured’s schedule
- Out of service/SAFER categories: inspections versus out of service violations
  - Vehicle
  - Driver
  - Hazmat
- Radius traveled
- Number of accidents



Questions?



**Please use the “Questions” chat box to submit a question**

# Your Forest & Logging Team

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