



IN-DEPTH REVIEW OF COVERAGE ADDRESSING THE UNIQUE OPERATIONS OF A MOTOR CARRIER





PROVIDING INSURANCE TO MOTOR CARRIERS – BIG TRUCKS, BIG PREMIUM, BIG COMMISSION – BUT BE CAREFUL

**THIS WEBINAR IS NOT FILED FOR STATE CE
AND IS A LEARNING OPPORTUNITY ONLY**



QUESTIONS

If you have any questions, please send an email to:
trs@mcief.org



CONSIDERATIONS

- You might know insurance, but do you know your insured's business?
- Truckers and the terms they use that you should know and understand
 - If not, maybe this is not the type of business you want to try



CONSIDERATIONS CONT.

- Some terms truckers use –
 - If your insured has reefer, you do not need to worry about hauling illegal cargo
 - If your insured is a king pin, they are not a crime family boss
 - If they say bob tail, they do not have birds
 - If dead head, they are not the Grateful Dead groupies
 - If single axle truck, they do not have a unicycle



CONSIDERATIONS CONT.

- Insured does not sleep on a flatbed but maybe in a sleeper which is not a 7th round football draft pick that becomes an all-time quarterback
- Insured's tractors do not plow fields
- Their dry vans do not mean they just painted their trailers
- You do not find out what a road gator is in a school textbook



BEYOND TERMS

- The next thing an insurance agent/company that wants to insure truckers needs to understand is how the government is involved in a motor carrier's operation
- Rule one
 - Always blame the government



INSURING MOTOR CARRIERS TAKES SPECIAL COMMITMENT

- The commitment starts with understanding the motor carrier business
- In particular –
 - How the government is involved in the transportation industry



GOVERNMENT INVOLVEMENT

- Government involvement started a long time ago with the Interstate Commerce Commission (ICC)
 - Founded in 1932 to assist and control the movement of consumer goods in interstate commerce
 - Truckers the agency focused on were the truckers that hauled consumers' goods/processed goods of others in interstate movement
 - But not raw/agricultural goods



GOVERNMENT INVOLVEMENT CONT.

- ICC set-up rules to control and oversee which truckers could provide the service and were granted authority as a public convenience and necessity
 - The oversight of who and what services could be provided included financial responsibility requirements
 - The authority was limited and exclusive – What can be hauled and where it can be hauled as well as rates they charged
- ICC and its oversight stayed basically unchanged until 1980 when the Motor Carrier Act of 1980 was passed



MOTOR CARRIER ACT OF 1980

- The MCA80 did five things:
 - 1) Lessening the requirements to be a for-hire motor carrier in interstate commerce by no longer requiring the motor carrier to prove necessity but just make application and pay \$300
 - Now haul general commodities that are consumer goods anywhere



MOTOR CARRIER ACT OF 1980 CONT.

- 2) Changing the financial responsibility by increasing from \$300,000 to \$500,000 for five years and \$750,000 after 1/1/85 as well as increasing limits for hauling hazardous materials to \$1,000,000 or \$5,000,000 depending on the nature and quantity
- 3) The new financial responsibility requirement applied to not only for-hire motor carriers hauling consumer goods but all for-hire interstate motor carriers hauling any goods in interstate commerce and private motor carriers if hauling anything hazardous, any quantity in interstate commerce and/or bulk in intrastate



MOTOR CARRIER ACT OF 1980 CONT.

- 4) Added a requirement to meet environmental restoration which was done by adding an endorsement (MCS90) to the motor carrier's policy
- 5) The financial responsibility requirements applied to all units 10,000 GVW or larger (that is a unit that typically has 6 small tires or a combination of a unit with 4 tires and a trailer) used by motor carrier (for-hire and private)
- MCA80 was the first government regulation that applied to both for-hire exempt as well as private motor carriers



MOTOR CARRIER ACT OF 1980 CONT.

- Enforcement of the new financial responsibility requirements
 - 1) For for-hire motor carriers hauling consumer (processed) goods in interstate commerce, the government required a certificate of insurance to be sent to the ICC reflecting limits required and acknowledged that a MCS90 was provided to the motor carrier on the policy the COI was based on
 - 2) MCS90 kept at the motor carrier's location so when an enforcement officer came for an on-site inspection the motor carrier could provide proof they met the requirements or be fined up to \$11,000 a day



ICC TERMINATION ACT OF 1995

- Did away with the ICC
- As a part of the Act, Congress required the Department of Transportation (DOT) to establish a process where a motor carrier did not have to obtain permission to operate from a state or prove financial responsibility if they were interstate qualified



ICC TERMINATION ACT OF 1995 CONT.

- It was no surprise to anyone when the DOT did not meet Congress' two-year requirement for a single registration system
- Nothing happened until 2005 beginning with a fee payment into the Uniform Carrier Registration System (money to states)
- The Unified Registration System started in 2013, which affects financial responsibility, has not been completed
- When the process is complete the only difference between for-hire and private motor carriers will be financial responsibility requirements



ICC TERMINATION ACT OF 1995 CONT.

- The Act also moved oversight of motor carriers to the Federal Motor Carrier Safety Administration (FMCSA) and the name change that spells out the major differences since 1980 and 1996 with the focus no longer being commerce but safety



FMCSA

- Understanding what a motor carrier is, based on FMCSA's interpretation, it is not your father's trucker
- At least my father as he was a trucker
- Growing up as a son of a trucker, I learned from an early age and developed love and respect for this unique business segment



FMCSA CONT.

- What does FMCSA require?
 - First, the user, for-hire or private, of a unit 10,000 GVW or larger that crosses state lines for commercial purposes must obtain an identification number
 - Commonly called a DOT#
 - The number must be on the side of the power unit or unit will be stopped, possibly fined and may not be able to move until the number is obtained



FMCSA CONT.

- To meet the registration requirement, the motor carrier business must go to the FMCSA website and use the URS/MCSA-1 portal
- The business not only has the requirement of obtaining a DOT# for their business but they must also operate within the FMCSA rules and regulations



FMCSA CONT.

- The motor carrier business must provide information to register and obtain a DOT# as well as update their information when their operation changes or at least biannually
- The information provided includes:
 - Name
 - Physical and mailing addresses
 - Contact
 - Number of units being operated
 - Number of drivers
 - What type of cargo and if cargo is hazardous, the hazardous commodity



SAFER

- FMCSA provides this information to public through its website under Safer.org
- Any motor carrier with a DOT#
- The Company Snapshot shows the information furnished by the motor carrier as well as information furnished by the enforcement officer that inspected or investigated a crash for the past two years



SAFER CONT.

- The enforcement officer's information how many inspections the carrier had for the past 24 months and if any of the inspections resulted in units being put out of service
 - Not being able to move like a bald tire
 - Hours-of-Service violation
- DOT Recordable Crash
 - A crash where there was a fatality, an injury that required medical attention away from the crash site or the vehicle had to be towed
- The Company Snapshot also shows a safety rating if inspected of Satisfactory, Conditional or Unconditional and if no inspection, No Rating



SAFER CONT.

- Analysis and Information (A and I) Online
 - Safety Measurement System (SMS)
 - Compliance, Safety, Accountability (CSA)
 - Behavior Analysis and Safety Improvement Categories
 - Unsafe Driving
 - Crash Indicator
 - Hours of Service
 - Vehicle Maintenance
 - Controlled Substance and Alcohol
 - Hazardous Materials
 - Driver Fitness



SAFER CONT.

- Examples
 - Hours of Service (HOS)
 - How long a driver can
 - Drive
 - Work
 - Must
 - Rest
 - Restart
 - Verification
 - Electronic Logging Devices
 - » Hours unit moved
 - » Reason it was moved
 - » Total miles travelled
 - » By VIN#



SAFER CONT.

- Driver Fitness
 - Qualified to drive
 - Commercial Driver's License (CDL)
 - Unit 26,001 GVW or larger
 - » Age in interstate commerce
 - » Written test
 - » Performance test
 - Driver Screening
 - Pre-employment Screening Program
 - Motor vehicle record
 - Drug testing
 - Physical ability



SAFER CONT.

- Licensing and Insurance (L & I)
 - Only trucks with MC #'s
 - Authority to haul processed goods in interstate commerce
 - Authority type
 - Common
 - Contract
 - Broker
 - Insurance required
 - Insurance on file
 - 91X
 - Past history
 - Authority
 - Insurance



SAFER CONT.

- North American Standard Driver/Vehicle Inspection Level
 - Level III – Driver only
 - Level II – Walk-around driver/vehicle inspection
 - Level I – North American Standard Inspection – Full – Above plus under unit
- Results reflected in CSA



SAFER – CONT.

- Information in SAFER
 - Key underwriting considerations
 - SAFER information matches application
 - If not, explained
 - CSA Score
 - How compliant is the trucker
 - » Acceptance and premium base
 - Problem – Have improvement plan
 - » Agent keep track
 - Key in court cases
 - How safely have the truckers been operating
 - CSA history vs. facts - crash



CONSIDERATIONS

- An agent that has not been involved in providing insurance to motor carriers that have DOT#'s may not understand that when they are sending an application to an insurance provider that the information on the application will be compared with the information the motor carrier gave to the government
- A basic rule in providing insurance to motor carriers
 - The application must match the public information



CONSIDERATIONS CONT.

- Agent should start conversation with insured 60 days ahead of the need for coverage allowing the insured to update their information including updates reflected in the public information
- If the underwriter does not feel comfortable about accuracy of the information, they will not typically go forward with underwriting and in most cases not offer a quotation



CONSIDERATIONS CONT.

- To provide insurance to a business with an 18-wheeler operating in interstate commerce, you must be willing to know about their:
 - Operation
 - Insurance needs
 - Requirement to meet financial responsibility imposed by the federal government
 - If they are operating within federal/state requirements
- Help the trucker improve their CSA scores



CONSIDERATIONS CONT.

- This is why a group of retail agents, wholesalers and insurance providers started the Motor Carrier Insurance Education Foundation
 - mcief.org



LET'S TALK TRUCKING

- How much do you know about trucking?
- Terms are important!
 - Understanding trucking terms and how they affect the insurance for a trucker should be a part of all agents' and underwriters' considerations when writing truck insurance
- Key to success is knowing your customer



TRUCKING TERM DEFINITIONS FROM TOMMY

- Bob Tail – No trailer attached
- Brokerage – Arranging a load on behalf of a shipper
- Cab Over – Power unit where the driver's compartment is over the engine
- Conspicuity – Reflective tape on trailer – Major help in accident prevention for flatbed trailers



TRUCKING TERM DEFINITIONS FROM TOMMY CONT.

- Conventional – Tractor where driver compartment is behind engine (long nose)
- Dead Head – No revenue being received for moving truck
- Dry Van – Enclosed trailer with no temperature control device
- Exempt – Loads that do not require government permission to haul (mainly farm goods and time sensitive goods) – DOT# only
- Flatbed – Trailer that has no sides or top – Cargo open to elements
- Freight forwarder – Load consolidator



TRUCKING TERM DEFINITIONS FROM TOMMY CONT.

- IFTA – Fuel tax agreement – State tax distribution system
- Inter – Between states
- Interline – Agreement between two regulated truckers to use each other's authority while hauling a load
- Intermodal – Container hauling (mainly from ports)
- Intra – Within one state
- IRP – License fees distribution system (apportioned)
- Logistics coordinator – Shipper's outsourced transportation



TRUCKING TERM DEFINITIONS FROM TOMMY CONT.

- Owner-Operator – Owns and drives owned truck
- Regulated – Hauling loads that require government permission (authority) to haul – Usually other's property in interstate commerce that have been processed
- Schedule B – Report part of IFTA and IRP reflecting miles the trucker traveled in state(s)



TRUCKING TERM DEFINITIONS FROM TOMMY CONT.

- Straight Job – The carrying compartment is attached to the power unit
- Tractor – The power unit has no carrying compartment but a connection device
- Trip Lease – One trucker allows another to use their government permission to operate for one trip



TRUCKING TERMS FROM AN ATA PUBLICATION

- BAC – Blood alcohol content
- Carload – The shipment of freight required to fill a rail car
- Class I – VIII Trucks (Classification by Gross Vehicle Weight)

– Class	GVW
I	6,000 lbs. or less
II	6,001-10,000 lbs.
III	10,001-14,000 lbs.
IV	14,001-16,000 lbs.
V	16,001-19,500 lbs.
VI	19,501-26,000 lbs.
VII	26,001-33,000 lbs.
VIII	33,001 lbs. or more



TRUCKING TERMS FROM AN ATA PUBLICATION

CONT.

- COFC – Container on (rail) flat car – A form of intermodal movement of freight
- Combination Vehicle – An equipment configuration that includes a separate power unit (tractor) and at least one trailer
- Commercial Trailer – A trailer used to handle freight in the transportation of goods for others; excludes house trailers, light farm trailers and car trailers
- Dolly – An auxiliary axle assembly having a fifth wheel used for the purpose of converting a semitrailer into a full trailer



TRUCKING TERMS FROM AN ATA PUBLICATION

CONT.

- Double – A combination of two trailers pulled by a power unit – Usually refers to a power unit pulling two 28 foot trailers
- DOT – Department of Transportation – The US government department responsible for establishing the nation’s overall transportation policy
- DOT Authorized Motor Carrier – A carrier that has been registered with the Department of Transportation and assigned a DOT number
- Federal Motor Carrier Safety Administration (FMCSA) – Established within the Department of Transportation on January 1, 2000, the administration’s mission is to ensure safety in motor carrier operations and to prevent commercial motor vehicle-related fatalities and injuries



TRUCKING TERMS FROM AN ATA PUBLICATION

CONT.

- Fifth Wheel – A device used to connect a semi-trailer and tractor
- Freight Forwarder – An individual or company that accepts less-than-truckload (LTL) or less-than-carload (LCL) shipments from shippers and combines them into truckloads or carloads – It is designated as a common carrier under the Interstate Commerce Act
- General Freight Carrier – A carrier that handles a wide variety of commodities
- Gross Combination Weight (GCW) – The maximum allowable fully laden weight of a tractor and its trailer(s)

TRUCKING TERMS FROM AN ATA PUBLICATION

CONT.

- Gross Vehicle Weight (GVW) – The maximum of a fully laden weight of a truck and its payload – The most common classification scheme used by manufacturers and states
- Intermodal Transportation – The transportation movement involving more than one mode (e.g. rail/motor, motor/air, rail/water)
- Just in Time (J-I-T) – The method of inventory control where warehousing is minimized or non-existent – When additional products are needed to replenish used or sold goods, they need to arrive just-in-time – Not too early or too late

TRUCKING TERMS FROM AN ATA PUBLICATION

CONT.

- LCV – Longer combination vehicle
- Less-than-Truckload (LTL) – A quantity of freight less than that required for the application of a truckload rate – Usually less than 10,000 pounds and generally involves the use of terminal facilities to break and consolidate shipments
- Non-Regulated Trucking – A trucking activity that is exempt from obtaining a MC# and 91X filing (e.g. exempt agricultural shipments and private trucking operations)



TRUCKING TERMS FROM AN ATA PUBLICATION

CONT.

- Operating Expenses – The cost of handling traffic, including both direct costs (such as driver wages and fuel) and indirect costs (computer expenses and advertising), but excluding interest expenses
- Operating Ratio – A measure of profitability based on operating expenses as a percentage of gross revenue
- Piggyback – The transportation of highway trailers or removable trailer bodies on rail cars specifically equipped for the service – It is essentially a joint carrier movement in which the motor carrier performs a pickup and delivery operation to a rail terminal as well as delivery operations at the terminating rail head



TRUCKING TERMS FROM AN ATA PUBLICATION

CONT.

- Power Units – The control and pulling vehicle for trailers and semitrailers
- Private Carriers – Companies whose primary business is not hauling freight, but utilize trucks in support of their primary business
- Regulated Motor Carrier – A carrier subject to obtaining a MC# and proof of financial responsibility filing
- Semitrailer – A truck trailer equipped with one or more axles and constructed so that the front end rests upon a truck tractor



TRUCKING TERMS FROM AN ATA PUBLICATION

CONT.

- Shipper – A company that hires a transportation company to move their freight
- State of Domicile – The state in which the carrier maintains its headquarters
- Straight Truck – A vehicle with the cargo body and tractor mounted on the same chassis
- Ton-Mile – The movement of one ton of freight the distance of one mile – A ton-mile is computed by dividing the weight in tons of each shipment transported by the distance hauled



TRUCKING TERMS FROM AN ATA PUBLICATION

CONT.

- Tractor Semitrailer – A combination vehicle consisting of power unit (tractor) and semitrailer
- Trailer – A vehicle designed without motive power to be drawn by another vehicle
- Truck – A motor vehicle designed to carry an entire load – It may consist of a chassis and body, a chassis, cab and body, or it may be of integral construction so that the body and chassis form a single unit



TRUCKING TERMS FROM AN ATA PUBLICATION

CONT.

- Truckload (TL) – The quantity of freight required to fill a truck – When used in connection with freight rates, the quantities of freight necessary to qualify a shipment to qualify for a truckload rate – Usually in excess of 10,000 pounds
- Turnpike Double – A combination vehicle consisting of a tractor and two trailers of 33 to 48 feet



QUESTIONS

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