



Blog by Tommy Ruke, The King Pin – Leading Expert in Truck Insurance

ALWAYS BLAME THE GOVERNMENT!

Most of you have heard me say: “Always Blame the Government” at educational presentations. The government is at it again. What Congress starts and passes will have an impact on an insurance provider underwriting a motor carrier.

How many of you who are reading this look at the motor carrier’s CSA scores as one of the first steps when providing coverage? When you see the triangle, what is your impression of the motor carrier even before looking at the loss runs and other information? What will you now think when you go to CSA and it is blank?

As an underwriter or agent, how important are the CSA scores, particularly ones with Alerts (triangles) when deciding who to provide insurance to and at what cost? I have found too often that the triangles are looked at first and sometimes nothing else before a decision to not provide insurance is made. What will happen if CSA scores are not available to the public? Insurance providers have become dependent on the use of the triangle as a consideration for providing insurance. In the five years, CSA scores have been available they have become a major “tool” in underwriting even though the safety event groups are really not a peer group and where operated are as much of a factor as the motor carrier’s operation.

Size does make a difference, smaller motor carriers are more subject to monthly volatility. The triangles are not a proven predictor of a crash. In fact, based on published information, a motor carrier with a triangle for Driver Fitness has fewer crashes than a motor carrier without a triangle in Driver Fitness. Even if flawed, insurance providers still look at the triangle. If a risk has a triangle, some insurance providers will not provide coverage.

If you have not been following Congress’ actions, you might not be aware that in their separate Highway Funding Bills; one passed by the House and one by the Senate, there is a provision that CSA scores will not be public. The inspections and crash information will be available but not the scores. One of the bills includes words that the day after the President signs the bill into law, the scores would have to be taken down. A couple of points: The bills are in

conference to be put together into one with the projected time of 11/20/15. Inhofe (R:OK) has stated, "Both the Senate and the House bills have many similarities that will allow for a very short conference period. With this merge, Congress should be able to send a bill to the President's desk by Thanksgiving." Therefore, when you come back after Thanksgiving, there might not be triangles available for you to see. Breaking habits are hard and breaking the habit of using triangles as a major consideration for providing insurance might have to be broken.

Is the insurance industry prepared to not have the scores available in the underwriting process? I have reached out to Jean Gardner, CAB and Craig Lack, Carrier Software and asked them what they are planning to do. As I understand it, both will be able to provide a projected score because the information that makes up the scores will still be available. If you are currently receiving information from CAB and/or Carrier Software, you will still have a tool to use. I am not sure if they will be able to provide by Thanksgiving though. MCIEF's upcoming December 10th regular Truck Stop will review the bill and hopefully I will have information from CAB and Carrier Software about their plans.

Why is knowing the scores still important? The enforcement officer will still use the scores for inspections and your insureds will receive "warning letters" and from the non-rated focus visit and maybe worse. We will have no warning. In a court case, the information could be subject to the plaintiff attorney having the motor carrier produce their scores so they still may be available to use in legal cases. For agents that do not have access to CAB or Carrier Software's promulgated scores, your insurance carrier and most underwriters will have information they are using that you do not have. Rob Moseley suggests that we could ask the motor carrier for their PIN# and obtain their scores. This could be considered but would someone with adverse scores be willing to provide it? Interesting times!

A couple other items in the bill are the provision to allow 18 year-olds to drive interstate within multi-state agreements. Hank Seaton, a friend of the Foundation is working on problems as spelled out in a [CCJ](#) article, "Roughly 450,000 Carriers Could Lose Business over Highway Bill's Hiring Standards." The hiring standards in the Highway Funding bill will consider acceptable practices for a shipper/broker using the services of a motor carrier if they met the standards. Currently the standard is a "satisfactory" motor carrier. This will exclude numbers referenced in [CCJ's](#) article. Less than 15% of motor carriers are rated "satisfactory". About 90% are unrated. In all likelihood this will be changed to satisfactory and unrated. Doing this, Rob Moseley's statement at the Annual Conference will come true. Conditional will become unsatisfactory. About 10,000 motor carriers are rated conditional. Hank feels confident that

unrated will be included but has little hope that conditional will. This could affect the business of some of your insureds who are now rated conditional. Plan to attend the December 10th Truck Stop.

Warning  -- Projecting what Congress is going to do is hardly ever right. We have not written about what is going on because it has been talk and no action. This Blog is written because both the House and Senate have passed a Highway Funding Bill. Now the choice they have is to provide another band aid and extend for a month or so or do a long, six-year bill which everyone wants to do but no one knows how to fund. What this Blog is about are the long-term bills which the House and Senate have passed. Will they consolidate their versions recognizing the differences in each bill and come up with a final bill? Who knows? – Give it a 50% chance. They are trying and the bills each contain a lot of the same provisions concerning motor carriers and it seems timely to share this with you. When and if a Highway Funding Bill is passed and signed by the President, CSA will be changed. This Blog is based on the likelihood that a long-term Highway Funding Bill will be passed soon.

The Motor Carrier Insurance Education Foundation will attempt to keep track of what the government is doing and how these changes will affect providing insurance to motor carriers.