



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

IN THE NEWS – END OF 2016

Have you been keeping up with the news? A lot is going on that will affect the motor carriers we insure.

Trump wins – An unanswered question is how will Trump’s nomination as head of the DOT/FMCSA move forward with the number of proposed changes in regulation from the “ELD Mandate”, the just published “Commercial Driver’s License Drug and Alcohol Clearinghouse”, the new training standards for entry-level truck operations effective 2/7/20, the much discussed speed limiters and even the final results of the status on the HOS restart, the revision of CSA which was required to be finished in 18 months in the end of 2015 FAST Act which includes the new SFD.

In the previous eight years, FMCSA has often been criticized for being too aggressive with the implementation of rules that affect the ability of a motor carrier to operate efficiently. Based on what I read, the experts feel the Trump FMCSA will be less aggressive. Time will tell.

CAB’s “Bits & Pieces” (Volume 19, Edition 11, 11/29/16) stated:

Fatigue, collision avoidance technology, medical fitness and driver distractions lead the pack of concerns. Technological changes are the main focus of the NTSB wish list with an expectation that improved technology will minimize crash risk.

From the National Transportation Safety Board’s “Most Wanted List of Transportation Safety Improvements” (www.nts.gov/mostwanted):

Increase Implementation of Collision Avoidance Technologies – Humans make mistakes, even in transportation. Transportation operators must always walk a demanding line of alertness and vigilance, but collision avoidance technologies can provide a lifesaving safety net. Technologies such as collision warning and autonomous emergency braking in highway vehicles and positive train control in trains will result in fewer accidents, fewer injuries, and fewer lives lost. These technologies are available today. They should be implemented today.

The bottom line – The best and most effective way to improve safety on the highway is to mandate crash avoidance and driver assistance technology on CMV's. Yes, in the past few months the Foundation has presented a lot of information concerning technology. Why? As these studies points out that the investment in this equipment will reduce crashes and the insured who has made the investment in crash avoidance and driver assistance equipment is a better risk to consider.

Greg Fulton, President of the Colorado Motor Carrier Association provides additional insight in an opinion article in the December 12, 2016 edition of Transport Topics:

There has been a great amount of media attention with the first delivery by autonomous truck by Otto Transportation, which recently took place on Interstate 25 from Fort Collins to Denver in Colorado. While this trip was made with a convoy of State Patrol and Colorado DOT vehicles around it, this event still represented quite an achievement.

Much of the media focus for this event was on the driverless aspect of this pilot, with many asking whether it would replace truck drivers or when we may see “ghostlike” driverless trucks traveling down our roadways.

While the driverless storyline made good grist for the press, it unfortunately squeezed out the key message related to the safety benefits and opportunity that the technologies on the Otto truck offer to reduce crashes and highway fatalities. The integration of various safety technologies on this truck, such as sophisticated radar, laser light sensors and cameras, that will enhance safety, should have been the real story.

Will we see driverless tractor-trailers traveling on our highways in the near future? Not likely. We may see driverless vehicles on private sites where there is no mix of traffic, but don't look for a driverless truck in your neighborhood anytime soon.

The technologies used in this pilot are similar to those that have been available in the aviation industry for many years. In fact, the technologies used in that industry are even more advanced than those used in Otto's truck demonstration. While commercial jets have the ability to take off, set a course and land without a human pilot, we have seen no movement to eliminate airline pilots.

Much like the airline industry's pilots, we should not expect truck drivers to be replaced by these new technologies. Rather than supplanting drivers, most see these sophisticated systems as additional tools to assist truck drivers in more safely navigating our highways by allowing them to make better decisions based on enhanced information, respond more quickly to emergency situations and make critical adjustments in the case of difficult and/or changing conditions.

One of the reasons that a number of government officials have expressed interest in autonomous vehicles has been due to a recent uptick in the past few years in vehicle crashes and fatalities. They point to the fact that 94% of vehicle crashes are attributed to human error, which could be reduced through the use of autonomous vehicle technology

For those of you who want to know more, there is an ATRI study released in 11/16 (Identifying Autonomous Vehicle Technology Imposed on the Trucking Industry). You can access it at: atri-online.org. From this report:

Introduction: Autonomous vehicle technologies have the potential to dramatically impact nearly all aspects of the trucking industry. A fully autonomous truck will have the ability to identify, interact with and safely react to all aspects of the driving environment without a driver in control of the wheel – in theory, this includes but is not limited to weather conditions, road types and unexpected events such as work zones and traffic accidents. It may be decades, however, before such a vehicle is commercially available.

Autonomous truck (AT) technology is advancing rapidly, and as these advancements enter the marketplace, the responsibilities of truck drivers could dramatically shift. It is clear, however, that driver tasks will not be the only area where adaptation is essential – operations may become more productive, freight may move faster, and federal regulations could be dramatically altered to accommodate a new driving environment. How individual carriers respond to the advent of the autonomous truck may determine their successes or setbacks in this new environment.

Autonomous Vehicle Background: While vehicles including trucks have traditionally been operated manually, research and development has been conducted for nearly a century on automating aspects of vehicle control. Over the past 15 years, this technology has advanced rapidly, bolstered in part by Defense Advanced Research Project Agency (DARPA) initiatives in the U.S. that encouraged university research through autonomous vehicle competitions. These research and

development (R&D) activities demonstrate that vehicle automation was possible by developing systems with existing technology components.

Today, there are at least 33 vehicle manufacturers and technology companies that have R&D underway focused on autonomous vehicle technology. There has been broad deployment of automated features and significant demonstrations and pilot tests of automated vehicle operations.

The future is starting now and to be an effective provider of services to motor carriers, you should understand the enhancements, the documentation and their effect on crashes and claims.

More from “Bit & Pieces”:

Distracted Driving – The NHTSA has issued guidelines to address distracted driving. The guidelines are designed to encourage portable and aftermarket electronic device developers to create options that reduce driver distraction. The guidelines encourage manufacturers to implement features such as pairing, where a portable device is linked to a vehicle’s infotainment system, as well as Driver Mode, which is a simplified user interface. Both pairing and Driver Mode will reduce the potential for unsafe driver distraction by limiting the time a driver’s eyes are off the road, while at the same time preserving the full functionality of these devices when they are used at other times.

NHTSA stated:

Eliminate Distractions – In transportation, distraction kills. Drivers and operators in all modes must keep their hands, eyes, and minds focused on operating their vehicle. Ultimately, eliminating distractions in transportation will require change in regulations as well as in driver and operator thinking and behavior.

Gaining information from the public/stakeholders is the first step, and this is the DOT’s start:

DEPARTMENT OF TRANSPORTATION
National Highway Traffic Safety Administration
Docket No. NHSTA-2013-0137
Visual-Manual NHTSA driver Distraction Guidelines for
Portable and Aftermarket Devices

AGENCY: National Highway Traffic Safety Administration (NHTSA),
United States Department of Transportation (US DOT)

ACTION: Notice of proposed Federal guidelines.

SUMMARY: This notice details the proposed contents of the second phase of the National Highway Traffic Safety Administration's (NHTSA) Driver Distraction Guidelines (Phase 2 Guidelines). The purpose of the Phase 2 Guidelines is to provide a safety framework for developers of portable and aftermarket electronic devices to use when developing visual-manual user interfaces for their systems. The Guidelines encourage innovative solutions such as pairing and Driver Mode that, when implemented, will reduce the potential for unsafe driver distraction by limiting the time a driver's eyes are off the road, while at the same time preserving the full functionality of these devices when they are not used while driving. Currently no safety guidelines exist for portable device technologies when they are used during a driving task. NHTSA seeks comments and suggestions to improve this proposal.

The results of the comments and suggestions then will lead to the final proposal. It will be interesting to follow and some results I feel we should follow will make the final proposal costly.

One more item in the news – ccjdigital.com's 12/5/16 had the following headline: "With recent jump, diesel prices near 2016 high mark" authored by Matt Cole.

Diesel prices jumped six cents in the most recent week, nearing 2016's high point, to \$2.48 per gallon, according to the Department of Energy's weekly report.

The highest price of the year was \$2.48 per gallon, set during the week ending October 17. This week's jump also ends a run of four consecutive weeks of falling prices.

Prices climbed across the U.S. with the most significant increase coming in the Midwest region, where prices rose 7.5 cents, followed by the Gulf Coast region, where prices rose 7.1 cents.

The nation's most expensive diesel can be found in California at \$2.843 per gallon followed by the West Coast less California region at \$2.679 per gallon.

The cheapest fuel is in the Gulf Coast region at \$2.361 per gallon, followed by the Lower Atlantic region at \$2.415 per gallon.

Prices in other regions, according to the DOE, are:

New England - \$2.526
Central Atlantic - \$2.602
Midwest - \$2.431
Rock Mountain - \$2.457

It is very important to insurance providers to have our motor carriers make money – Yes, to pay our insurance bills, hire and pay for good drivers and maintain their equipment. A couple of factors we will need to keep watch on – First, the demand for services is down slightly in the past couple of months. Time will tell if the holiday season will have the same demand as in the past. With less freight to haul the amount our insureds can charge is impacted. Even with slightly less freight the demand for drivers is still with us and insureds are still increasing driver pay and benefits. A recent ATRI study shows the cost of insurance paid by the motor carriers that took part in the study is up significantly. Driver pay and increasing insurance costs, the lower cost of fuel has made it easier for our insureds to meet their increased costs. In past presentations I have stated though that I did not think that the oil companies would continue to keep the cost of fuel low. The “ccjdigital” article reflects that prices are creeping up. Also, a new report shows that oil production is going to be “cut back”, all to lessen supply which will increase cost and more profit to the oil companies.

The typical motor carrier operates over a 300 and less than 500 mile radius and will use about 15,000 gallons of fuel per truck per year. At \$2 per gallon, \$30,000, at \$2.50 per gallon, \$37,500 or an increase of about \$7,500 a year (\$625 a month) per truck. The point here is to be aware of the pressure on the insured when the cost of fuel goes up. Driver pay and other costs are based on the net income. When fuel is high, less net and with the demand for services less, it is harder to get additional income per mile. This affects smaller risks more than larger ones. Again, it is important that our insureds have the income to stay in business and that we are aware of the pressure on them.

I hope you all are planning for a safe and great holiday season with family and friends.