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ACE Progress ReportSM:

*What Does CSA Mean for
Commercial Trucking Companies?*

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focus on:

What Does CSA Mean for Commercial Trucking Companies

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May 2011



Commercial trucking companies actively operating in the United States are undoubtedly aware of the newly-implemented Compliance, Safety, Accountability Act (CSA), (formerly known as CSA 2010). They will need to know how it will impact their business. More specifically, what does it mean to their professional truck drivers and company owners? Additionally, what does it mean to companies hauling commodities deemed hazardous by the Federal Department of Transportation (DOT)? How will these new requirements impact driver retention? What kind of data is being considered (for what?) and how does it differ from what was previously collected?

This article will attempt to clarify important aspects of the new regulations, and suggest how to understand their overall impact.

What is CSA?

CSA was developed by the Federal Motor Carrier Safety Administration (FMCSA) to evaluate and benchmark transportation company safety fitness, based on the quality and performance of its drivers. The ultimate goal is to identify motor carriers at risk of adverse safety performance. The basic premise of CSA is simple: driver infractions, incidents, accidents, inspections, and so forth, while on duty, will be aggregated, attributed and documented to the motor carrier that the driver was working for at the time of the occurrence. As a result, the motor carrier's rating will be a direct reflection of the drivers whom they employ.

How does this differ from what was historically done?

The primary method of identifying a marginal or poorly performing motor carrier (with a “conditional” or “unsatisfactory”) was through a physical compliance review or audit. But, there were two problems with this approach. First, the system is predisposed to be reactive, not proactive. In many instances, a physical compliance review or audit would not be triggered unless the motor carrier experienced adverse incidents through inspections or accidents. Second, there are limited resources that the government can dedicate to physical inspections. So, many marginal motor carriers continue to operate without a recommended inspection. It is estimated the federal government inspects approximately 12,000 motor carriers per year, well shy of the estimated 700,000 or more motor carriers operating at any given time. So a motor carrier could receive a positive rating under this old system, and continue until the next inspection, which, could be years away.

Under CSA, the data feed will not be in real time, but much closer to it. The uploading of information regarding roadside inspections, citations, and accidents, to the main system, will enable a motor carrier's rating to be updated on a monthly basis. This will immediately accelerate the validity of the data, allowing problem drivers and motor carriers to be identified and targeted for enforcement as trends develop. Because of this new capability, the system is considered more proactive than reactive, in its design.

It is critical to know the potential pitfalls and focus points of the new rating system.

What type of information is used and how is it gathered?

Information will come from three key areas: vehicle accidents, traffic citations, and roadside inspections. Any driver who experiences events captured in these three data sources will be assigned points that impact both the driver and motor carrier score, on a monthly basis. And it's not just moving violations, but maintenance issues that will raise the overall score. Here are some examples of both low and high score points as determined under the new system (the more serious the perceived violation or issue, the more points that are assessed).

Reckless Driving:	10 Points
Following Too Closely:	5 Points
Tires with Flat Spots:	8 Points
Brake Hose Kinked:	4 Points

* Source: CSA 2010 Unsafe Driving Violation Severity Chart¹

These violations, inspection results, and crash data are then categorized into Behavioral Analysis Safety Improvement Categories or BASICS.

These categories include:

- **Unsafe Driving**-Includes such violations as speeding, reckless driving, lane change violations, and so forth.
- **Fatigued Driving (Hour of Service)**-Includes violations dealing with logs, and so forth.
- **Driver Fitness**-Lack of experience, training, medical disqualifications, and so forth.
- **Controlled Substances/Alcohol**-Possession, DUI, refusal to submit to chemical test, and so forth.
- **Vehicle Maintenance**-Brakes, lights, and so forth.
- **Cargo Related**-Securement, hazmat training/placarding.
- **Crash Indicator**-Histories or patterns of crash involvement

These categories are weighted on perceived severity, which will be used in calculating the final rating.

What happens next?

As a motor carrier accumulates data, and that data becomes more credible, a rating will be assigned using a formula arrived at using the BASIC data. The ratings of Continued Operation, Marginal, or Unfit, will correspond to the current ratings of Satisfactory, Conditional and Unsatisfactory. After the rating, the government will choose enforcement actions, if applicable.

Are all transporters held to the same standards?

Because the answer is “No,” it is critical for you, as a transportation company, to know the potential pitfalls and focus points of the new rating system.

Depending upon the type of cargo hauled, there are thresholds that separate poor performers from those deemed acceptable, as one can see from the table below.

BASIC	GENERAL	HAZARDOUS MATERIAL	PASSENGER CARRIER
Unsafe Driving	65%	60%	50%
Fatigued Driving	65%	60%	50%
Driver Fitness	80%	75%	65%
Controlled Substance	80%	75%	65%
Vehicle Maintenance	80%	75%	65%
Cargo Related	80%	75%	65%
Crash Indicator	65%	60%	50%

* Source: National Tank Truck Carrier association (NTTC)²

Hazardous material haulers are held to a higher standard in all categories, in comparison to those that haul general commodities. But, the key thing to remember with CSA, is that, like its predecessor, the more adverse the inspection results are, the more a motor carrier can expect to be inspected. And rightfully so. However, it's a tough cycle to get out of once you are in it.

What about the individual driver?

CSA, by design, will target not only motor carriers that have safety and performance issues, but individual drivers as well. The violations, accidents, and roadside inspection results of an individual driver will obviously impact a motor carrier's overall rating. But it will also have a strong impact on the specific driver and his/her perceived desirability in the marketplace. Thus, drivers with good records will be in strong demand, as they should. Marginal and unfit driver violations will stay with the motor carrier for up to 24 months from the date of occurrence, even if the driver responsible is no longer working for that motor carrier. It's not hard to imagine the long-term concern that the industry will feel, based on this regulation. Unfit or marginal drivers may potentially be purged from the profession, since they will be seen as increased risk. This is good for safety and is what CSA is intended to do. But it places a tremendous amount of pressure on driver pools. Good drivers will then command a higher pay scale, which may also attract more drivers in to the profession. There will be a long lag on this however, and in the near term, the driver shortage will be more pronounced before an influx of new drivers is available.

What should Commercial Trucking Owners Do?

As with any new federal regulation, it's best to become as familiar with it as possible. There may be delays, changes/alterations, and other bureaucratic glitches that may potentially impact implementation and enforcement of the initiative. CSA is indeed here to stay, and it is critical that commercial truck company owners:

- Understand and respect this initiative and its meaningful enforcement power.
- Obtain their PIN and get into their specific account to view the BASIC data, when available
- Monitor their driver force monthly, using the database
- Educate their drivers. Strong pre-trip inspections are more important than ever
- Educate their shippers so they understand their daily challenges.

In summary, the CSA regulation and associated BASIC scores have been generating significant attention from the insurance underwriting community. Favorable BASIC scores may have a significant impact on pricing and underwriting decisions from an insurance perspective, but also may concern shippers, freight brokers, and interested parties who are keeping a close watch on potential liability issues. Therefore, it is important that commercial trucking company owners proactively monitor, identify and address any areas of vulnerability – in the effort to protect their company's bottom line – as identified in the BASIC scores results.

CSA is a collective new reality, and it will only become stronger as the data is collected, aggregated, and translated into specific motor carrier and driver ratings. The industry is poised for big changes. For those hauling hazardous materials, these new regulations need to govern every aspect of their operation and permeate their everyday thinking and actions. While the regulations may force some of us to rethink protocols, the end will hopefully justify the means: to have every driver return home safely, every day.



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ACE Westchester's Environmental underwriting team is focused on helping its wholesale brokers meet the time-sensitive needs of the hazmat industry, through its product lines that provide coverage and services for hazardous material (hazmat) and hazardous waste transporters. ACE has the expertise, the infrastructure and the financial strength to provide coverage and services for the hazmat transportation market. With underwriting centralized in ACE Westchester's Philadelphia offices, ACE can serve as a strategic partner in the effort to provide quality services to this highly-regulated and safety conscious class of business.

About the Author:

Based in Philadelphia, Roger Murphy serves as Assistant Vice President, Hazmat Transportation within ACE Westchester Environmental. With more than 20 years of insurance industry experience, he manages the Hazmat Environmental product line. Mr. Murphy previously spent seven years designing similar commercial auto, general liability and umbrella insurance programs for the hazardous material haulers' audience. He previously worked for two Philadelphia-area insurance companies, handling commercial insurance risk management and underwriting for various industries, including transportation, manufacturing, wholesaling and contracting risks. He received a Bachelor of Arts Degree in Public Administration /Management from West Chester University, and holds the Chartered Property Casualty Underwriter (CPCU) professional designation. He is also a recipient of the 2010 Risk Innovator Award presented by Risk & Insurance Magazine.



¹ http://www.csa2010.com/articles/CSA_2010_Unsafe_Driving_Violation_Severity_Chart.htm

² Comprehensive Safety Analysis (CSA) 2010. How it Works. American Trucking Association.