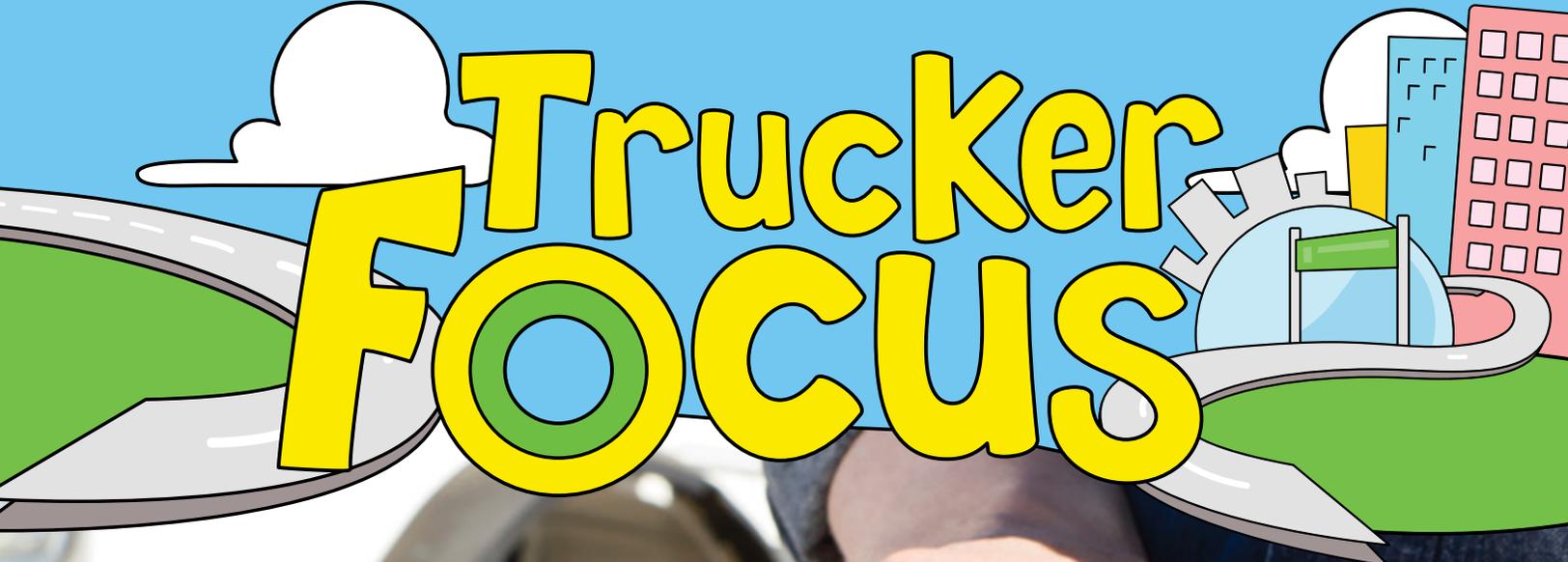


TIMELY TRANSPORTATION NEWS AND INFORMATION FROM ACUITY



Trucker FOCUS

WINTER 2017



DRUG AND ALCOHOL TESTING

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FMCSA DRUG AND ALCOHOL CLEARINGHOUSE

Nearly two years after its announcement by the FMCSA, the Commercial Driver's License Drug and Alcohol Clearinghouse will become a reality. In December, the agency announced its final rule for establishing a database that will serve as a central repository containing records of violations of FMCSA's drug and alcohol testing program by CDL holders. The rule became effective on January 4, 2017, with a compliance date of January 2020. The FMCSA plans to contract with a third party to operate and maintain the database.

The clearinghouse is intended to increase highway safety by ensuring flagged drivers complete a return-to-duty process before driving commercial vehicles in interstate or intrastate commerce. The annual net benefits of the drug and alcohol clearinghouse final rule are an estimated \$42 million, with crash reductions resulting from annual and pre-employment queries by FMCSA-regulated motor carriers.

"An overwhelming majority of the nation's freight travels by truck, and millions of passengers reach their destinations by bus, so creating a central, comprehensive, and searchable database of commercial motor vehicle drivers who violate federal drug and alcohol testing requirements has been a departmental priority," said U.S. Transportation Secretary Anthony Foxx in a statement. "This system will be a new technological tool that will make our roads safer."

Carriers will be required to upload drug test information to the clearinghouse database and query the system before hiring drivers. They will also need to query the database annually for current drivers and report all traffic citations for drivers convicted of driving under the influence of drugs or alcohol.

The final rule requires that:

- Motor carriers, medical review officers, third-party administrators, and substance abuse professionals report information about drivers who test positive for drugs or alcohol, refuse drug and alcohol testing, or undergo the return-to-duty drug and alcohol rehabilitation process.
- Motor carriers annually search the clearinghouse for current employees, and during the pre-employment process for prospective employees, to determine whether a driver violated drug or alcohol testing requirements with a different employer that would prohibit them from operating a CMV.

- Employers conduct pre-employment drug testing and random drug and alcohol testing.
- A driver must grant consent before an employer can request access to a clearinghouse record and before FMCSA can release a driver's clearinghouse record to an employer.

After registering with the clearinghouse, a driver can review his or her information at no cost. Motor carriers are prohibited from allowing employees to perform safety-sensitive functions, which include operating a CMV, if the employee tests positive on a DOT drug or alcohol test.

To view the full rule or additional information from the FMCSA, visit [fmcsa.dot.gov/regulations](https://www.fmcsa.dot.gov/regulations). ●



ANALYSTS WEIGH IN ON TRUMP'S POTENTIAL IMPACT ON TRUCKING

Although the impact of Donald Trump's victory in the November election won't be fully realized until the months and years following his inauguration, many analysts predict positive change for the trucking industry is on the horizon. Expectations of relaxed regulations combined with U.S. infrastructure and manufacturing growth could give trucking a significant boost.

The 2017 economy had originally been forecast to mirror 2015 and 2016, with only slightly better GDP growth and slowing employment growth. However, the election has caused experts to reevaluate the economy's future potential.

Trump has pledged to enact policies designed to spur the creation of more jobs within the manufacturing industry and boost domestic production. Although economic experts remain skeptical regarding the scope of economic gain Trump can enact—and agree that his promise of a 4 to 5 percent increase in GDP is unlikely—most predict some growth will result from Trump's policies. The fortunes of the trucking industry are also tied to manufacturing, and merely the promise of growth may provide a psychological boost to both sectors.

Tax reforms and infrastructure spending are other focus areas of the Trump administration. Although the Senate may be an obstacle to dramatic change in some areas, a Republican House will likely back Trump on passing challenging infrastructure bills, and large investments in U.S. infrastructure are possible. The American Trucking Association has indicated it intends to work with Trump to create infrastructure funding that will be sustainable in the long run. Such investments could prove significant for the trucking industry, since the industry moves 70 percent of the nation's products.

During his campaign, Trump committed to reducing federal regulations, such as repealing the Affordable Care Act. Although industry observers believe it is unlikely the Trump administration will make any major changes to the electronic logging device (ELD) mandate, other regulatory actions—such as the Phase 2 emissions standards for diesel engines enacted by the Environmental Protection Agency—may be put under review. Safety regulations are likely to remain, although they may follow a longer implementation schedule. ●



ASK THE SPECIALIST

ASK DAVE

As Acuity's Heavy Equipment Damage Appraiser, **Dave Haney** makes it his business to know his way around trucks.

"Whether it's a minor loss requiring some body work or a major claim with engine damage, dealing with class 8 trucks and other heavy equipment can be a lot different than working with private passenger vehicles. It's important to have experience with heavy equipment to provide the best claims service to customers," Haney says.

Haney has plenty of hands-on experience in the shop, dating back to his childhood. "My father was a body man by trade, so I grew up learning a lot about vehicles and their components," he says.

After graduating from Mid-State Technical College in Wisconsin Rapids, where he studied collision repair and estimating, Haney was hired by Mid-State Truck Service in Marshfield, Wisconsin. He started as a technician working on heavy equipment collision repairs. Over the years, he migrated from the shop to the front office, where he worked with estimates and insurance claims.

Eventually, Haney left to work as an equipment claims adjuster for another insurer before joining Acuity. His experience working with insurance companies while on the repair side of the business has paid dividends now that he is on the insurance side dealing with repair shops.

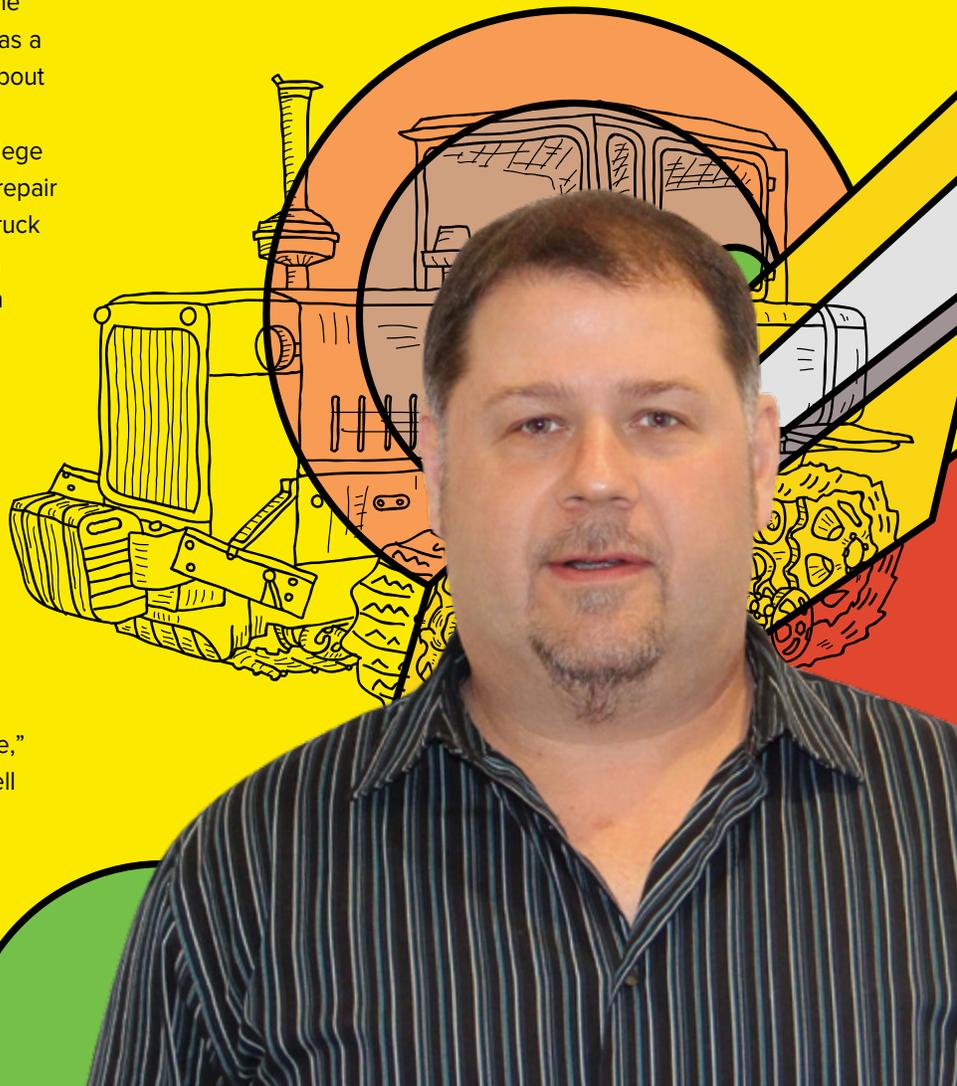
"Knowing the repair process and what needs to be done helps me create an accurate estimate," Haney says. "When I look at an estimate, I can tell

whether or not the shop is charging fairly and whether the work being proposed is in line with the extent of damage."

Haney's specialization and experience provides another level of expertise that Acuity brings to its trucking customers.

"When a loss happens, it's important to get a truck back on the road quickly while also making sure quality repairs are done at a reasonable price," Haney says. "That's the goal I have with every claim I handle." ●

Dave Haney is Acuity's Heavy Equipment Damage Appraiser Specialist. Contact him at david.haney@acuity.com



WMCA RISK MANAGEMENT SEMINAR AT ACUITY

On October 20, 2016, the Wisconsin Motor Carrier Association's Risk Management 2.0 Seminar was held at Acuity's Sheboygan, Wisconsin, headquarters. The event focused on a variety of topics and featured several speakers:

- **Cliff Johnson**, Acuity Trucking Specialist, spoke about equipment maintenance and its relationship to the FMCSA's Safety Management Cycle.
- **Gary Johnson** from Lytx presented on new technology entering the cab and how drivers are interacting with it. When drivers are given technology, it can't just be another screen or device in their truck—it needs to be technology that helps them.
- Trucking consultant **John Seidl** spoke on how to properly run a drug and alcohol testing program. An important part of program effectiveness is conducting random testing, so employees do not learn how to anticipate tests and the most accurate results are obtained.
- **Don Jerrell** from HNI Risk Services spoke on how to get operations on your side as a motor carrier. Key points included talking to operations staff in their own language, holding driver managers accountable for their drivers' performance, having a driver's manager sit in on any meeting or phone call when discussing driver issues, always using accurate measurements instead of generalities, and documenting everything.
- **Tom Bray** from J.J. Keller & Associates looked at how to use data tracking and trending to prevent future crashes and violations.

Look for videos highlighting the event and other key topics at [facebook.com/acuitytrucking](https://www.facebook.com/acuitytrucking) or the Acuity Insurance YouTube channel. ●



Acuity's Cliff Johnson presents at the Wisconsin Motor Carrier Association's Risk Management 2.0 Seminar.

THE IMPACT OF THE ELD MANDATE

The Federal Motor Carrier Safety Administration (FMCSA) rule requiring a majority of U.S. trucking operations to use electronic logging devices (ELDs) has been upheld in court, meaning the regulation will take effect December 18, 2017. Motor carriers that haven't yet implemented ELDs are asking questions about how it will impact their operations.

Will this make us more efficient? Automating the logging process should create some efficiencies, and it should also minimize or eliminate most violations, including "form and manner." However, drivers are still required to submit supporting documentation to their motor carrier.

How will this impact privacy? Devices are designed to track Hours of Service (HOS) automatically and be "integrally synchronized" with a truck's engine control module (ECM) to capture information. Many have the ability to pass data to the safety department or fleet manager in real time. However, the rule does make it illegal for motor carriers to use the devices to harass drivers and puts in place fines if carriers do so.

Will we have to change our routes and scheduling? It depends. The ELD mandate was put in place in large part to help ensure drivers are not operating beyond HOS limits. If a driver is skirting HOS rules, they will need to adjust their schedule or be forced to shut down. Some motor carriers anticipating problems are thinking outside the box, such as implementing drop-and-hook scenarios where drivers travel as far as they can, meet another driver, switch trailers, and return. Each company must look at their routes to determine how they can best maintain efficient deliveries.

What device should we choose? There are several factors motor carriers should evaluate in their decision. Budget is a key consideration for some motor carriers in choosing a basic device. Other devices include the capability to interface detailed vehicle data with dispatch and maintenance and provide



expanded safety capabilities such as front and rear cameras, lane deviation, and more. Carriers may also want to assess the longevity and stability of an ELD manufacturer to increase the likelihood the company is around to support their product in the coming years. See the sidebar for additional details on device capabilities.

How will this affect our insurance? The goal of the mandate is to achieve safer roadways and fewer crashes within your operation, both of which help lower your insurance premiums. Having a record of vehicle operations when crashes do occur is also helpful in resolving claims.

When should we start? Now. An affected motor carrier needs to act soon, if they have not already done so, in researching, field-testing, and choosing the ELD best suited to their needs. It takes time to select a system, obtain and install the product, and train drivers and dispatch on its use. There is no advantage to waiting. In fact, late adopters may be at a competitive disadvantage over proactive carriers.

What vehicles are exempt? Trucks model year 1999 and older are exempt from ELD requirements. Usually a vehicle's age is easy to tell from registration documents, but sometimes a vehicle reported as 1999 may actually be a 2000 model. To verify the age of a vehicle, look at the 10th digit in the VIN sequence. If the digit is an X, it indicates a 1999 model year. If it is a Y, the truck is actually a 2000 model and not exempt.

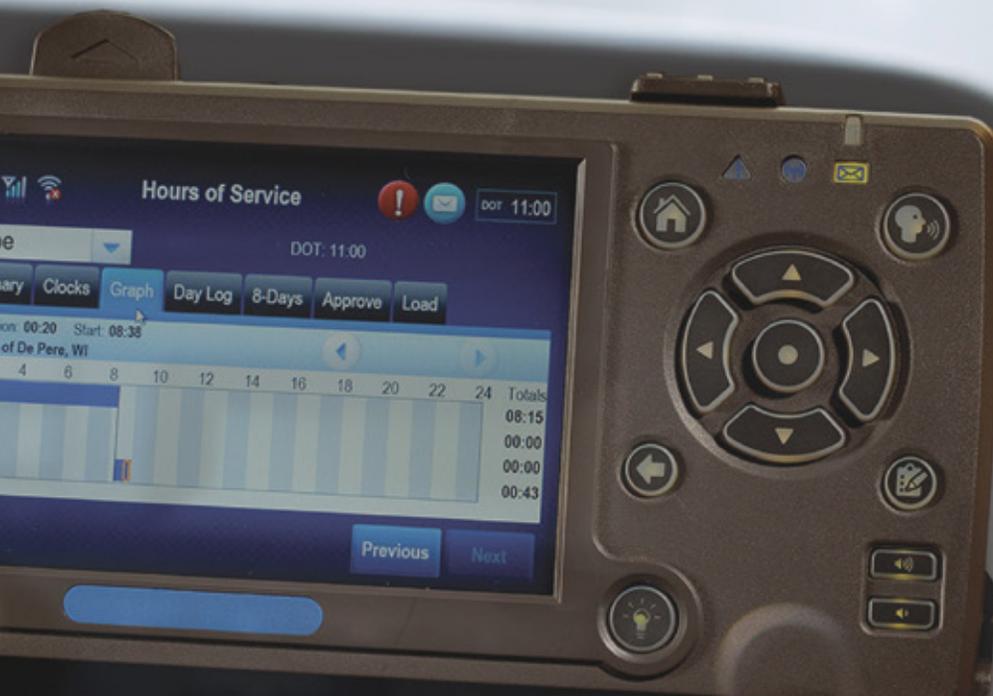
Should we use the year-2000 exemption to avoid the mandate? Older equipment is more prone to breakdown and often less fuel efficient. Trying to avoid the mandate with older equipment is a short-term solution at best. If a crash does occur, a carrier using the exception to avoid outfitting trucks with ELDs could open itself up to additional DOT scrutiny and avenues for litigation.

As we move closer to the 2017 deadline, take the time to be as informed as possible about the mandate to be in compliance. A full version of the final rule is available on fmcsa.dot.gov. ●

Choosing an ELD

All ELD manufacturers should be offering devices that comply with FMCSA specifications, but drivers should still be familiar with what the regulations require. The published ELD rule provides detailed specification around devices and their use, and some highlights include:

- ELDs need to be able to automatically record date, time, and location information, engine hours, vehicle miles, and the ID information of the driver using the device.
- The devices must sync with their corresponding vehicles' engines to record engine on and off time.
- Devices must be able to transfer data during roadside inspections via either a wireless web-based service, email, USB 2.0, or Bluetooth.
- Devices must present a graph grid of a driver's daily duty status.
- Drivers must keep a maximum of eight supporting documents, either electronic or paper, for every 24-hour period that includes on-duty time and submit these documents to their carriers within 13 days of receipt.
- Supporting documents include bills of lading, itineraries, schedules, or other documents that show trip origin and destination; dispatch records, trip records, or similar documents; expense receipts; electronic mobile communication records sent through fleet management systems; and payroll records, settlement sheets, or similar documents that show what and how a driver was paid.
- Carriers must retain the documents and records of duty status for six months.





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