



TRUCKER

2021 | VOLUME 12 ISSUE 1

Focus

DRIVING THE
NEW YEAR

TRUCKING INTO 2021

By Cliff Johnson, Acuity Trucking Consultant

Few working in the American trucking industry will deny that 2020 brought unique challenges to almost every sector of the trucking industry. The ongoing pandemic caused many motor carriers to scramble in Q2, with some losing a significant portion of their outbound freight due to the slowing or idling of some shippers, and adjusting operations to the changing reality became a norm.

Fortunately for transportation, although many sectors of the U.S. economy have been and still are being hit hard by the ongoing pandemic, many motor carriers saw opportunities to place assets with other shippers seeing a surge in business during the pandemic. We have also seen rates rebound, with the future outlook remaining reasonably strong. In late 2020, The American Journal of Transportation reported the national average spot van rate hit a record high of \$2.46 per mile, with the overall number of available loads increasing 5 percent more. Refrigerated and flatbed freight rates also saw an uptick as load-to-truck ratios were favorable for rates and contractual supply chain disruptions pushed freight onto the spot market.

Today, the big question on everyone's mind is what will 2021 bring. Coyote's Truckload Market Forecast indicated that both demand volatility and capacity constraints are inflationary catalysts, driving up spot rates in the U.S. truckload market. With such variations in the marketplace, many motor carriers are looking into 2021 and beyond. Load-to-truck ratios are anticipated to stay reasonably steady through Q1 of 2021. Coyote also predicted the spot rate market is going to experience a plunge mid 2021 through 2022.

This continued demand is partly due to the online shopping trend. In 2019, U.S. e-commerce sales reached nearly \$600 billion, a 15 percent increase from 2018. With the COVID-19 pandemic and people staying inside more than ever, this is expected to reach \$800 billion when 2020 figures are tallied, and this upward trend is expected to continue.

Consumers are not only ordering more food online, but also larger consumables like clothing, healthcare, appliances, and even cars. Although e-commerce depends on truckers to get their goods from one location to another, last-mile deliveries will continue to become more important.

With this continued consumer demand, why are some predicting the spot market trucking rates to drop in 2021 and 2022? Shippers are preparing their budgets and negotiating hauling contracts in response to this new e-commerce norm, usually on a 12-month cycle. With more freight expected to be hauled under a contractual agreement, the spot market rates are expected to trend downward. However, Deutsche Bank transportation analyst Amit Mehrotra, as reported in a recent FreightWaves article, said his "long-held bullish stance on transportation equities continues unabated in 2021" due to several factors, including upward trends in the industrial economy, housing demand, consumer demand, and inventory restocking.

The article further discusses that the industrial sector will gain in the first quarter as demand for gas, diesel, and jet fuel improves due to the COVID-19 vaccine release and renewed customer demand. Mehrotra is more bullish on the rails and LTLs given their industrial exposure and new opportunities of vacant strip mall storage space being used, at least temporarily, to help service the LTL sector.

To learn more, visit the Bureau of Labor Statistics (BLS) Producer Price Index (PPI), [bls.gov/ppi/ppiescalation.htm](https://www.bls.gov/ppi/ppiescalation.htm), for general freight or your specific type of trucking and for a guide to understanding the price adjustment clause.



HOW TECHNOLOGY IS CHANGING THE TRUCKING INDUSTRY

FIRST IN A SERIES

The trucking industry is continually evolving. However, few would argue that especially in the last 12 years, new truck and information technology has resulted in increased safety and operational efficiencies. Motor carriers who make good choices about when and what technological opportunities to invest in can realize improved customer service and reduced operating costs over their competition.

In this new series of articles, we will be discussing some of these technologies and how they are affecting the trucking industry. Topics will include disc brakes, emissions control systems, collision avoidance, electronic logging devices, global positioning systems, telematics, routing and scheduling platforms, computer applications, regulations, and more.

Our first topic is air drum brakes versus air disc brakes. There are many tests, studies, and articles comparing drum and disc brakes. Manufacturers have improved both types to meet the stopping performance requirements of Federal Motor Vehicle Safety Standard 121, but each type of brake has its own positives.

Air drum brakes have been the industry standard since they were patented in 1902 and are a simple and reliable design. Drum brake advantages include:

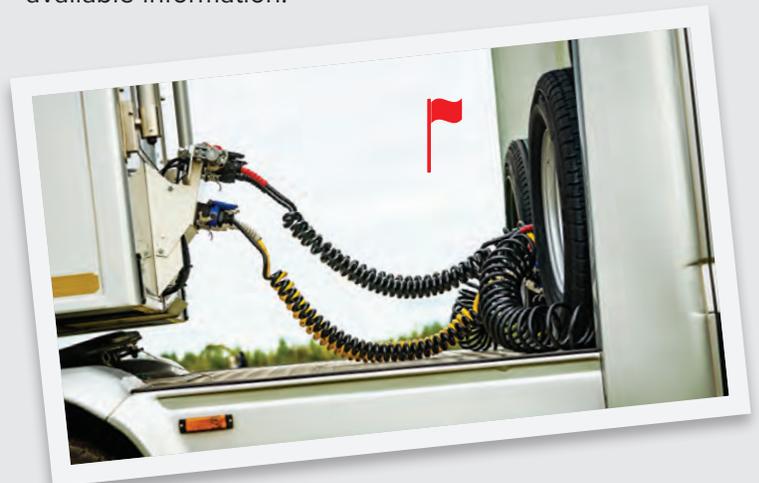
- *Wide availability of parts*
- *Simple maintenance requirements*
- *Self-energizing pads within drum design*
- *Notably cheaper initial cost*

Air disc brakes offer a design alternative to the traditional drum braking system. Just like in today's modern cars and pickups, these self-adjusting

brakes offer a proportional force from the pedal to the pressure placed on the brake pad and disc. This provides the driver a unique feel for their brakes and decreases the chances of tire skidding. Other air disc brake advantages include:

- *Increased stopping power to bring the vehicle to a stop in a shorter distance*
- *A reduction in brake fade under heavy use, higher heat scenarios*
- *Extended service intervals—up to two times longer than drum brakes*
- *Decreased time to perform a routine brake service*
- *Stable braking performance pairs well with electronic stability control and collision mitigation technology*
- *Some evidence of reducing CSA roadside brake-out-of-adjustment violations*

Equipment dealers can provide you and your staff more information on drum versus disc brakes and what is right for your type of operation. As with any significant investment, it is necessary to come to your own conclusions after considering all available information.



BEST OF THE BLOG

PROTECT YOUR TRUCKING OPERATION FROM CYBERCRIME



In the past, trucking companies thought of security mostly as protection from physical loss of products or equipment. Today, those are still threats, but cyber threats are on the rise. Cybercrime is one of the fastest-growing types of crimes in the world, and it's not just limited to large retailers or financial service companies. Businesses of all sizes, including motor carriers and owner operators, face the risk of cyber loss.

With the rapid growth of the Internet of Things (IoT) and the number of connected devices in today's world, motor carriers have become a target of cybercriminals. Even if you don't think it could happen to you, look around your operation. Your trucking company has likely implemented electronic logging devices, dashcams, and other connected devices, which are potential access points to your system, and you probably use emails and websites as well. The number of cybercrimes will almost certainly increase as the number of connected devices grows within fleets.

Today, email is the most common way that cyberattacks are perpetrated, with an estimated 85% of business hacking resulting from phishing. Unfortunately, many motor carriers lag behind in allocating resources to prepare for and defend against cybercrime.

So, what can the trucking industry and your company do to address this?

Customers of Acuity have access to a wide range of free cyber risk management information and resources through the Acuity eRiskHub®. A simple registration at eriskhub.com/acuity is all that is required to gain access to these resources.

Additionally, cyber liability coverage should be an important part of a motor carrier's insurance and risk management strategy. As a liability coverage, cyber liability protects against third-party damages, costs of defense, settlement, and judgments. It is triggered by a network security event, such as a breach of third-party business data, an unintended propagation of malware, or a denial-of-service attack. Additionally, cyber liability can provide first-party coverage to reimburse a business for the costs it incurs, including data and systems restoration, business income, and public relations expenses.

The trucking industry has established a program called Fleet CyWatch to combat cybercrime in the industry.

According to Fleet CyWatch, "In today's environment, cyber adversaries target victims based on poorly secured systems and inexperienced employees to illegally access confidential and proprietary information, disrupt business operations, and leverage compromised systems for malicious purposes.

Fleet CyWatch is used for reporting all types of Internet crimes related to disrupting fleet operations. Reports will be communicated with appropriate federal cyber-authorities to be handled by jurisdiction, type of cybercrime, and commercial/public impact. After protecting fleet identity, reports are communicated with intelligence sharing and analysis agencies and the fleet community registered to Fleet CyWatch."

According to Ken Craig, vice president of special projects for McLeod Software "Sometimes the point of vulnerability isn't technology-based at all, but human-based. A hacker probing a company's defenses was unable to find a weakness via the computer systems, so they called the company's main phone line and went down the company directory until they found someone whose outgoing voicemail said they were on vacation for the next two weeks. They mimicked that employee's voice and called the company's IT help desk, saying they were having trouble logging in remotely, and got the access information needed."

If a hacker penetrates a financial area of a company, such as their fuel program accounts, it can be difficult for a motor carrier to recover.

So, what can be done to begin the process of protecting your company from intrusion? The ATA held a panel discussion about cyber security offering several strategies to help prevent cyberattacks and mitigate their consequences, including:

1. Conduct an assessment to evaluate your vulnerabilities.
2. Conduct a penetration test in which an outside party tests and probes your systems looking for vulnerabilities. Don't tell your team you're doing it, or they will become more vigilant and skew the results.
3. Prioritize the risks and put resources in the most needed areas.
4. Apply software patches, making them a regular part of operations and maintenance.
5. Consider cyber insurance to protect your business.
6. Create an incident response plan. Don't wait until you get a phone call at 2:30 a.m. to figure out what you're going to do if your company is the victim of a cyberattack.

To learn more about Acuity's cyber coverage, contact your independent insurance agent.

Motor Carrier TOOLBOX

FIND OUT WHERE YOU STAND

Find out how the *Driver Fitness (BASIC)* affects your ranking as a motor carrier.

Acuity provides a variety of printable resources like this one in our online Motor Carrier Toolbox. Check out the rest at www.acuity.com/mctb.

CSA
Compliance • Safety • Accountability

Driver Fitness BASIC Factsheet

Driver Fitness Overview

What is the Driver Fitness BASIC? The Driver Fitness Behavior Analysis and Safety Improvement Category (BASIC) is one of seven categories that the Federal Motor Carrier Safety Administration (FMCSA) uses to determine how a motor carrier ranks relative to other carriers with a similar number of safety events (i.e., inspections, violations, or crashes). The Driver Fitness BASIC addresses the requirements within the Federal Motor Carrier Safety Regulations (FMCSRs), specifically 49 CFR Parts 383 and 391, and refers to the operation of commercial motor vehicles (CMVs) by drivers who are unfit to operate a CMV due to a lack of training, experience, or medical qualifications. Some example roadside safety violations of the regulations that may cause a motor carrier to rank poorly in this BASIC include failure to have a valid and appropriate commercial driver's license (CDL) and being medically unqualified to operate a CMV.

How do motor carriers know where they stand? FMCSA's Safety Measurement System (SMS) determines an overall BASIC status for each motor carrier based upon roadside inspection results that are reflected as a percentile rank and/or prior investigation violations. This information can be seen by logging into the **SMS Website** (<https://al.fmcsa.dot.gov/sms/>). Once logged into the SMS Website, a motor carrier with safety compliance problems in the Driver Fitness BASIC will see a warning symbol in that BASIC. You can also view the records of your company's crashes and request a review of any records you think are inaccurate through DataQs. Violations of the regulations related to the Driver Fitness BASIC raise the percentile rank, which indicates lower safety compliance.

What documents associated with this BASIC should motor carriers keep? If an investigation is conducted, Safety Investigators (SIs) may request from motor carriers these types of documents: complete driver qualification files including medical certificates, State driving records, annual reviews of driving records, and employment applications. Motor carriers should keep these documents as required by the FMCSRs, and know that SIs may use them to assess the nature and severity of safety problems.

How can motor carriers and their drivers improve safety performance in the Driver Fitness BASIC? The Driver Fitness BASIC is based on the regulations that require CMV drivers to be physically and medically qualified to drive a CMV according to Subpart E of FMCSR Part 391. For example, if a driver is operating with an expired medical certificate, then he or she is not complying with the Driver Fitness BASIC.

Motor carriers should know that violations related to the Driver Fitness BASIC adversely affect SMS results for 24 months; time and/or inspections with no Driver Fitness violations can improve motor carriers' BASIC percentile ranks. Also, they should check out the "What can a motor carrier do to improve?" section of the SMS Information Center for answers to commonly asked questions about safety performance.

This is an official U.S. government publication, produced and disseminated by the Federal Motor Carrier Safety Administration. CSA is FMCSA's enforcement and compliance program to improve large truck and bus safety and ultimately reduce CMV-related crashes, injuries, and fatalities. For more information about CSA, visit <http://csa.fmcsa.dot.gov>

U.S. Department of Transportation
Federal Motor Carrier Safety Administration
HTTP://WWW.FMCSA.DOT.GOV | HTTP://CSA.FMCSA.DOT.GOV | DECEMBER 2012

FMC CSA 12-006

WORD OF MOUTH

In a world of truck-driving heroes, one driver's actions stand apart. Read his story of heroism on our Facebook page for truckers, [facebook.com/acuitytrucking](https://www.facebook.com/acuitytrucking). You can also check out our trucking blog and access online resources and tools at [acuity.com](http://www.acuity.com).



ASK THE SPECIALIST



Cliff Johnson
is Acuity's Trucking
Consultant. Have a
question for Cliff?
Reach him at
cliff@acuity.com.

Ask Cliff

“How can I help avoid slips, trips, and falls?”

Crashes cost motor carriers money! Whether it is in bent up metal, lost cargo, or an injured employee, the costs add up. But did you know slips, trips, and falls may be the industry's most overlooked and underappreciated threat to drivers' health and well-being? In fact, an article in trucknews.com points out that almost 80 percent of trucker fall injuries occur close to the cab and not the trailer, box, catwalk, etc., and more than half occur when dismounting.

In the real world of trucking, with so many different locations visited in all weather conditions, this subject can become very real, very fast. So much so, in fact, that Bureau of Labor Statistics' data shows that 27 percent of injuries in the truck transportation industry come from slips, trips, and falls, vs. just 17 percent from injuries sustained in a collision or other motor-vehicle-related incident.

Slip, trip, and fall injuries can have a major impact on a company's bottom line. Workers' compensation loss data for our own trucking customers indicates that the average slip/fall on the same level costs over \$30,000, and the hidden indirect costs can be five times that or more. Awareness of this high cost provides proactive managers a real opportunity, as there are many ways to prevent such injuries through fostering a safe work environment.

Here are steps drivers can take for working smarter and preventing slips, trips, and falls so they can get home safely:

1. Always maintain three points of contact when climbing down from or onto a different elevation and set things inside the truck before climbing so your hands are empty. Also, face the climb as you would climbing up or down a ladder—never go out headfirst.
2. Never jump down from elevations such as the floor of your tractor, trailer, cargo, or loading

dock to the ground. This can cause immense shock to your musculoskeletal system and could result in joint stiffness, torn muscles or tendons, and back pain over time.

3. Plan your steps in securing your load, tarping, or carrying dunnage. When appropriate, obtain help or ask a lift driver to place items.
4. Remain alert to uneven surfaces in the parking lot, dock, and other walking areas. Look to identify hazards, such as potholes and slippery surfaces from ice, grease, oil, or other materials, and exercise appropriate caution.
5. In winter, keep a small pail of kitty litter, salt, or sand mixture to spread on icy areas where you need to walk.
6. Invest in and wear slip-resistant work boots with solid foot and ankle support.

Managers can look for ways to enhance a safe work environment through:

1. Management commitment and safe workplace programs.
2. Encouraging the reporting of unsafe work conditions and suggested improvements with a safety committee review if available.
3. Contributing to a driver work-boot program.
4. Searching for ways to empower your employees to be successful and providing driver training so they can bring success back to your business.

Acuity offers many resources for you to use in addressing slips and falls and other safety topics, including on-demand JJ Keller videos, printable safety materials and “Trucker Talks” in our Motor Carrier Toolbox, and three-point climb stickers that can be put on truck doors as a reminder to drivers.

CONGRATULATIONS, WHIMSY INC.

Three drivers from Whimsy Inc. in Mount Prospect, Illinois, have been recognized for their safe driving!

Joseph Rude – Safe or Responsible Driver

Michael Jarosz – Superior Safety Performance

Mariusz Zareba – Accident and Citation Free

Acuity understands the challenges drivers face on a daily basis. We are proud to recognize the drivers and companies who take their responsibility for keeping our roads safe seriously.



Joseph Rude
and Terminal
Manager
Larry King



Michael Jarosz



Mariusz Zareba

TEAR ALONG THE PERFORATION LINE

WIN \$100! FIND THE FLAGPOLE TO BE ENTERED!

Acuity is proud to hoist a 70- by 140-foot American flag on a 400-foot flagpole at our headquarters in Sheboygan, WI. Visit www.acuity.com/flag to learn more.



To enter, find the flagpole hidden in this issue and send an email with the location to flagcontest@acuity.com. We'll randomly choose a winner from the correct entries received by March 1, 2021.



WINNER of last issue's contest was:

Terri Gregson—TGC Transportation, Inc.—Waterloo, IL

This contest is not open to employees of Acuity or their immediate family members. For a complete list of rules, visit www.acuity.com/flagcontestrules.



Acuity Knows Trucking!

Check out our dedicated trucking-focused online channels!



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Blog
acuity.com/trucker-focus



YouTube
youtube.com/acuityinsurance
(Trucker Focus playlist)



LinkedIn
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twitter.com/acuityinsurance

TRUCKING QUESTIONS?

Acuity's on-site trucking consultant provides over 30 years of industry experience to your business.



Email

trucking.news@acuity.com



Phone

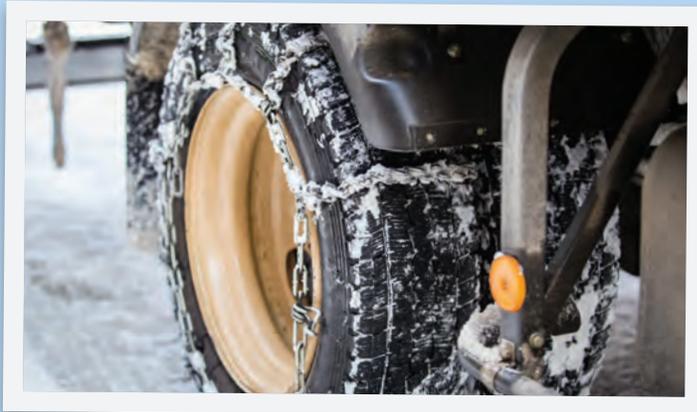
800.242.7666, extension 1740





TIPS FOR SUCCESSFUL CHAINING

TRUCKER TALK AHEAD ↗



Hooks that face in increase strain on elbows, back, and shoulders when lifting chains.

- Inspect your chains for defects at the beginning of each winter season and after each use.
- Practice chaining each truck you drive.
- Keep a flashlight and back-up batteries in your truck.
- Review tire chaining requirements.
- Use DOT provided chain-up areas or pull as far off roadway as possible.
- Place 3-rail chains carefully by wrapping the chain around outer tire, then lifting over inner tire.
- Avoid damaging the tire by facing cross-chain-hook ends out.
- Snug excess chain out of the way using a bungee cord or similar device. Hanging chains can cause damage.
- Use your 5th-wheel release hook to grab the loose end of the chain on the back side of the tire.
- Wear your reflective clothing. Make sure others can see you!



Hooks facing out allow for better posture when lifting chains.



Inspect chains for wear. Fix any defects.





focused on truckers

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