

REDUCING OVER-THE-ROAD CARGO LOSSES



HELP KEEP CARGO MOVING SAFELY TO ITS DESTINATION – BY ADOPTING THESE BEST PRACTICES.

The trucking industry is a major driver of the U.S. economy. Nearly 70 percent of all the freight tonnage moved in the U.S. is carried by trucks, according to the American Trucking Association's Reports, Trends and Statistics.¹

The same source reports that 9.2 billion tons of freight are carried annually by over three million truck drivers. That's a lot of cargo – as well as a lot of lives – susceptible to the risks of the road.

ONE MOMENT OF DISTRACTION CAN BE FATAL

With journeys that can add up to hundreds of miles per day, fatigue and distracted driving are real risks for truck drivers.

In fact, distracted driving is responsible for these statistics:²

- 10% of fatal crashes
- 18% of injury crashes
- 16% of all police-reported motor vehicle traffic crashes

Consider that, in 2014 alone, 3,179 people died and an estimated additional 431,000 were injured in motor vehicle crashes involving distracted drivers.

It can't be stressed enough: The safety of your drivers and your cargo depends on alert, stable driving habits.

THE RIGHT DRIVERS CAN MAKE ALL THE DIFFERENCE

The quality of drivers can often make the critical difference between companies that have collision, upset, or overturn losses and those that don't. Implementing a policy of hiring only qualified, experienced drivers is one of the most effective risk management tools available to a cargo carrier.

According to the National Highway Traffic Safety Administration (NHTSA), 94 percent of motor vehicle crashes are attributed to driver error. Of that 94 percent, driver recognition error accounts for 41 percent and driver decision error 33 percent.³



Use safer hiring practices.

Driver selection is a one-time process. Consider setting standards that establish minimum applicant qualifications for both the driving and non-driving duties of the position, including:

- Applicable statutory regulations
- Physical requirements
- Transferable work experience
- Required job knowledge
- Vehicle operating skills
- Acceptable/clean driving record
- History of stable employment
- Attitude

Effective hiring tools generally include:

- **Commodity handling experience**
- **Driver employment application form:** Information that should be collected and evaluated includes:
 - » The applicant's driver's license number and type of license
 - » Driving experience, including types of equipment operated and miles driven
 - » Collision record for the past three years
 - » Moving traffic convictions for the last three years

- **Preliminary interview:** An interview with management is an opportunity to evaluate the applicant, address questions arising from a review of the driver application form, and outline the job responsibilities.
- **Written test:** Government regulations may require written tests. Some employers also have written aptitude tests based on the job requirements. Written tests may also be used to determine the applicant's general driving knowledge and understanding of traffic regulations.
- **Road test:** A road test is used to evaluate the applicant's driving skills and defensive driving techniques. Even though an applicant may have a CDL (commercial driver's license), he or she may not have experience operating the particular vehicle(s) used by the employer. Driving issues may include:
 - » Manual vs. automatic transmission
 - » Operating controls
 - » Type and location of mirrors
 - » Vehicle length
 - » Straight truck vs. tractor trailer, and
 - » Other differences based on manufacturer

Additional factors to consider include the conditions in which the company's drivers normally operate, including intercity, rush hour, rural or mountainous areas, and winter weather.

- **Pre-placement medical examination:** If a CDL is required, the applicant must have a DOT (Department of Transportation) medical examination. If there are any concerns about the validity of an applicant's DOT medical card, consider having the applicant complete a new physical by a company-appointed physician.
- **Past employment investigation:** Check and verify the applicant's work history for the last three years. Confirm and discuss any gaps in the employment history. A simple phone call or written request to a former employer can yield additional information about past work experience.

- **Motor vehicle record check:** A driver's past record often reflects the applicant's effectiveness as a driver and attitude toward motor vehicle rules and regulations. A transcript should be requested from each state in which a driver's license has been held during the past three years. The record should be evaluated against pre-established guidelines reflecting suitability for the job.
- **Initial performance evaluation:** A promising applicant may be further screened when hired on a part-time basis over a trial period. During this period, a supervisor should review the new driver's work in detail and report on suitability for the job. Such an evaluation will allow management to determine whether to keep the driver on as a regular employee.
- **Professional driver education:** Help improve driver behavior and reduce collisions with The Hartford's 3-D Driving Program, which teaches three critically important principles:
 1. Defensive driving
 2. Decisive driving
 3. Dependable driving
- **Helpful forms.** *Your Guide to Successful Driver Management* brochure from The Hartford includes helpful forms that may be used in your driver selection process.

ILL-GOTTEN GOODS

Theft is the second most common cause of motor truck cargo losses. According to the FBI (Federal Bureau of Investigation), cargo theft is a growing, multi-billion dollar problem.

A crime of opportunity.

Cargo theft is most often perpetrated by opportunistic thieves – those who break into unattended trucks – and highly sophisticated organized crime rings. High value goods, especially those that are difficult to trace and easy to dispose of, are the most vulnerable to theft.

Examples include:

- Technology products (electronics)
- Pharmaceuticals
- Cigarettes
- Liquor
- High-end designer clothing, footwear, athletic wear and accessories
- Some types of food products

The value of such property on a single truck could be a few thousands dollars to \$1 million or more.

TYPES OF CARGO CARRIERS



Common carriers offer their services to the general public. They generally have regular routes and established rates.

Contract carriers do business only with specific customers under contract. The contract spells out the rights and obligations of both the transportation provider and the shipper. Rates are typically negotiated.

Private carriers transport their own goods on their own trucks.

Small package or express carriers transport small shipments on an expedited basis on their own trucks.

Specialized carriers focus on a specific type of commodity such as cars, household goods, electronics, or fine arts. These carriers typically have special contractual provisions. Under current regulations, truckers may operate simultaneously as a common and contract carrier.

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Protecting goods in transit.

The shipper is the first and best line of defense against theft of goods in transit, but the trucking company can also help. The following table outlines a variety of ways to help protect goods in transit.

SHIPPER	TRUCKING COMPANY
Consolidate goods using pallets or containers.	Use appropriate methods and equipment to protect the goods being shipped from easy access by thieves. Be sure doors close tightly and can be adequately secured against unauthorized entry.
Use tamper-evident tape, security seals and/or tracking devices.	Inventory goods during loading. Check and verify documentation.
Minimize the amount of information marked on packages and on shipping documents. Use codes when possible.	Choose a route that avoids or reduces the number of rest stops, cargo transfers and high-crime areas. Utilize a two-driver team for long trips.
Choose a trucking partner wisely – and only after evaluating their hiring and training practices, financial stability, experience, and their security practices while en route.	When a stopover is necessary, park in a well-lit, fenced area monitored by a professional security service. Avoid stopping or standing for long periods of time on dark freeways, remote areas, etc., while waiting to make deliveries.
Use tracking devices on shipments. See paragraph on RFIDs.	Follow an established call-in plan via cell phone or radio. Maintain a contract with a reliable service for roadside assistance. Deliver goods during the recipient's regular business hours whenever possible. Receive loads on the same day they're shipped and avoid overnight storage (including weekends) prior to shipping.

RESPONSIBILITY FOR GOODS IN TRANSIT



Under the terms of a bill of lading or a contract with the shipper, a trucking company generally assumes responsibility for the safe delivery of the goods it carries. While some companies self-insure, many purchase motor truck cargo liability insurance to protect themselves and to help them maintain good relationships with their customers.

Carrier Logistics Choice

Also known as motor truck cargo or carrier for-hire insurance, this type of policy covers the trucking company's liability for loss or damage to goods in transit for which they have assumed contractual liability.

HANDLE CARGO WITH CARE

Another common cause of loss of goods in transit is the result of improper cargo handling. Motor carriers should consider having a policy in place to monitor and evaluate loading and unloading practices.

They should also have established procedures to ensure proper load count and to control overage and shortage of freight. Policies should also be in place to ensure that trailers are loaded properly and that adequate blocking, cleats, braces, straps, load bars, separators, fill material, and locking devices are used.

Training drivers.

Drivers should be held responsible to identify any visible damage and properly noting their findings on the shipping records. Another important step to help reduce cargo handling losses is the implementation of a formal cargo handling training program, tailored to address the value and type of commodities hauled.

A training program is especially important when a company transports perishable goods such as produce, frozen food, livestock, grain, and pharmaceuticals or goods that are easily damaged such as machinery, heavy equipment, or electronics.

Drivers should be fully trained on:

- The operation of the refrigeration (reefer) units
- Proper temperature setting
- Monitoring the unit temperature
- Trouble shooting and procedures to follow should the refrigeration unit malfunction

Monitoring devices.

Modern GPS tracking systems can also be tied into the reefer unit for monitoring and tracking both location of the unit and temperatures inside the trailer while in transit. RFIDs (radio frequency identification) can also be very affective in monitoring the temperature and condition of individual pallet loads.

Tie-down procedures.

For flat bed and low boy type trailers, proper tie down procedures are important. Tie-down procedures often include:

- Driver training in proper tie-down procedures
- Identification, maintenance, inspection, and use of the appropriate tie-down devices such as chains, ropes, straps, blocks, braces, and edge protectors
- Determination of the need for special tie-down procedures based on government regulations or on the shape, size, or weight of the load

Preventing water damage.

Cargo that may be subject to water damage while in transit must be covered with a tarp. Failure to tarp when necessary, improper tarping procedures or defective tarps can all result in the cargo sustaining water damage. Some of the following areas should be considered:

- Driver training on the use of tarps
- Ownership of tarps (motor carrier, shipper or owner/operator)
- Maintenance and condition of tarps
- Responsibility for and frequency of tarp inspections, in particular when owner-operators are used to transport goods

LEARN MORE.

For more information, contact your Risk Engineering consultant from The Hartford today or visit us at thehartford.com/riskengineering.

¹ Source: American Trucking Association Reports, Trends and Statistics, www.trucking.org/News_and_Information_Reports.aspx

² Source: National Highway Traffic Safety Administration (NHTSA) - "Traffic Safety Facts," DOT HS 812 260, April 2016

³ Source: www.nrd.nhtsa.dot.gov/Pubs/812115.pdf

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