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ASK THE RISK MANAGER

WHAT ARE LOSS EXPOSURES?

There are several key risk management terms to understand when it comes to loss exposures. According to Hope, "Loss exposures are the possibilities of accidental losses with measurable financial consequences".¹ There are four types of loss exposures that motor carriers must account for: property, liability, personnel, and net income. Below is a summary of each type of loss exposure.

PROPERTY LOSS EXPOSURE

A property loss exposure involves the potential damage to property in which a person or organization has a financial interest. Property loss exposures include real property and personal property. Real property refers to land, buildings, and other structures attached to the land. Personal property includes everything but real property, like furnishings, tractors, trailers, tools, etc.

LIABILITY LOSS EXPOSURE

A liability loss exposure means the motor carrier is legally responsible, or liable, for the injury or damage suffered by another person or organization. An example of a liability loss exposure is when a tractor trailer hits another person's vehicle in a parking lot.

PERSONNEL LOSS EXPOSURE

A personnel loss exposure involves the possible injury, disability, death, or departure of an employee. Two examples of personnel loss exposure are when an employee is injured when slipping on a wet floor in the restroom or when a key employee retires.

CALL TO ACTION

- Identify the four types of loss exposures in your company.
- Identify all loss exposures and address the highest-risk exposures first.
- Consider alternative risk control techniques to reduce the chances of a loss.
- Monitor your risk management efforts and measure their effectiveness.

NET INCOME LOSS EXPOSURE

Net income is the amount of revenue over expenses generated in a specific accounting period such as a calendar year. A net income loss exposure involves an increase in expenses or decrease in revenue that can result in a financial loss. An example of a net income loss exposure is losing a large customer. The loss of revenue represents a substantial impact to the company. Understanding these four types of loss exposures allows motor carriers to manage risks more effectively. Start by identifying and analyzing your company's loss exposures. Next, examine options to best manage the risk, select the appropriate technique, and implement it. Finally, monitor the results to determine if your solution worked or needs refining. For more information on loss exposures and risk management techniques, please consult your Great West agent or safety representative.



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¹ Source: Hope, W.T. (2007). Introduction to Risk Management. American Institute for Chartered Property Casualty Underwriters/Insurance Institute of America.

HOW SAFETY CULTURE CAN AFFECT BEHAVIOUR

Each day, workers face thousands of decisions that affect their personal well-being. Truck drivers constantly evaluate driving conditions to decide when to speed up or slow down, when to change lanes, and so on. Likewise, mechanics, office employees, and other staff members must make their own safety-related decisions. One key to making safe decisions is situational awareness.

Simply put, situational awareness is knowing what is going on around you, for example, walking into the break room and noticing a puddle of water on the floor. In today's world, a number of workplace injuries and vehicle accidents can be attributed to a lack of situational awareness (i.e., distractions). Distractions inhibit a person's ability to identify hazards, and if a person doesn't know a hazard exists, there is a probability that an unsafe behavior, such as slipping on the puddle of water and falling, will follow.

What if an employee sees the hazard but does not perceive a risk to his or her safety? Or worse yet, what if he or she perceives the risk and decides to proceed anyway? Continuing with the water on the floor hazard, imagine the worker sees the water, realizes it is a risk, but proceeds anyway. Herein lies a problem.

So, how can employers help workers be more situationally aware and make safe decisions? The answer lies in the company's culture, which is evident both through a company's behavior and safety performance. Here are two ways to address culture change and increase situational awareness.

TRAINING

Educate employees to be more situationally aware. This can be accomplished a number of ways, from addressing the topic in new employee orientation and safety meetings to casual water cooler discussions and posting safety awareness signs in work areas. The goal of the training is to help employees increase their awareness of what is happening around them at all times. Keep the safety message fresh and on everyone's mind daily.

SUPERVISION

The second way to effect culture change and increase situational awareness is by intentionally addressing positive and negative behaviors. When a worker is observed acting in an unsafe manner, like ignoring a slip hazard on the floor, address it immediately and correct the behaviour. Likewise, if you see someone doing something right, praise them, especially if in a crowd. Reinforcing good behavior costs you nothing.

Keep these tips in mind as you evaluate your current culture and safety performance results.

Remember, culture plays an integral part in influencing behaviour and preventing losses. Be intentional in your efforts to instill safety as a company value and communicate this performance expectation to all employees.

CALL TO ACTION

- Implement company-wide hazard identification measures.
- Conduct risk perception training with employees.
- Determine which activities, tasks, and behaviours are unacceptable risks for the organization.
- Identify risk control measures that can reduce the risk of a loss.

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TIPS FOR EVALUATING DRIVER APPLICANTS

It is no secret there is a driver shortage for motor carriers. Enticing candidates to enter this career field is challenging enough, but finding the quality candidates and keeping them is equally difficult. Be that as it may, it is important to properly screen driver applicants. It is not enough to accept an applicant based solely on word of mouth or referrals. Motor carriers should incorporate a practice of due diligence to assess a driver's knowledge, skills, and attitude.

With this in mind, the following is a sample set of questions and tips to consider as part of your evaluation of driver applicants. This list is not intended to be all-inclusive and is meant for educational purposes. Feel free to add these ideas to your existing screening processes and tailor them to best suit your operations.

PRE-TRIP INSPECTION

The pre-trip vehicle inspection is a great opportunity for an evaluator to watch how a driver conducts him or herself outside of the vehicle. As the driver responds to your questions, listen to his or her reasoning and attention to detail.

- Why is it important to conduct a pre-trip vehicle inspection?
- What is your process for conducting a pre-trip vehicle inspection?
- What would you do if you found a defect?
- When should you conduct a vehicle inspection?

ROAD TEST

Conducting a road test is optional in lieu of the applicant's valid commercial driver's license (CDL), but you should consider making this a mandatory step in the screening process. Observing a driver's abilities and attitude behind the wheel is the best way to verify he or she is capable of performing the job. Be sure to document the road test and have it signed by the applicant and test evaluator. The road test should include a variety of driving situations, such as over-the-road driving, parking, loading/unloading, and conditions the driver can expect to work in.

- How confident is the driver in operating the equipment?
- Did the applicant turn off his or her cell phone before driving?
- Can the driver explain how to calculate proper following distance?
- Did the driver use three-point contact getting in and out of the vehicle?

JOB INTERVIEW

A one-on-one job interview—be it in person or on the phone—allows the motor carrier to engage in a conversation with the applicant. An interview can be very telling, especially if the interviewer can get the applicant talking about his or her driving experience. Use this opportunity to gauge the applicant's ability to problem solve, communicate, and fit into the company culture.

- Did the driver overestimate his or her capabilities/experience?
- Is the driver trained on or familiar with the tasks being asked to perform?
- What motivates the driver, such as money, on-time delivery, safety, etc.?
- How does the driver respond to adversity, like a breakdown or traffic delays?

CALL TO ACTION

- **Define the company's standards for selecting and retaining drivers.**
- **Conduct comprehensive road tests on all drivers.**
- **Assign driver mentors to help newer drivers acclimate to the company's.**

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SAFETY FOR THE LONG RUN

Achieving safety excellence requires the mindset of a marathoner rather than a sprinter. Success does not come overnight, and the job is never done. Instilling a company culture that values safety takes time, but with management's commitment and a persistent attitude, building a safety-focused culture is not only attainable but maintainable. By building a foundation of safety that is rooted in all aspects of your operations and integrated into every role, adapting to new risks may feel less ominous, especially if management and risk controls are already in place.

Below is a brief list of foundational safety practices used by motor carriers. Consider these when evaluating the risks your company currently faces and determine if your current safety practices sufficiently address these risks.

HIRING AND RETENTION STANDARDS

Has the company defined in writing its standards for driver hiring and retention? If no, discuss this option with your legal counsel. If yes, ensure these standards are consistently adhered to and enforced. Deviation from written policies adds risk.

REGULATORY COMPLIANCE

Conduct a self-audit to determine whether the company is meeting basic compliance requirements. The Federal Motor Carrier Safety Administration (FMCSA) offers a free Carrier Compliance Questionnaire and other online tools to explain the regulations. Go to <https://csa.fmcsa.dot.gov/>.

SAFETY PRACTICES

Determine whether the company's safety practices are current and effective. For example, are road tests being conducted? If yes, do they reflect equipment, commodities, routes, etc.? If not, why?

TECHNOLOGY

Consider the advantages offered by the use of new technologies such as dynamic routing, onboard cameras, driver scorecards, collision mitigation, and trailer tracking. Decide if they make sense for your operations.

TRAINING

Review new employee orientation and ongoing safety training efforts. Determine if the curriculum is accurate and effective. Avoid continually training employees on topics they already know. Identify gaps in knowledge, skills, and abilities, and then design training to fill those gaps.

CALL TO ACTION

- Include safety training in new employee orientation and ongoing training efforts.
- Ensure the company is meeting all regulatory compliance requirements.
- Review any written policies and procedures with your legal counsel.

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TRY A HOLISTIC APPROACH TO MANAGING RISK

Holistic safety focuses on three key elements of a motor carrier's operations: technology, people, and organization. When each of these elements is addressed in a company's risk management strategy, the result can be the creation of a strong culture that is able to design safety into its processes and procedures, identify and correct unsafe conditions before an incident occurs and, in the event an incident does occur, respond and investigate to prevent reoccurrences.

Holistic safety involves looking at the company as a whole, where all employees are working together toward a common goal to prevent losses. Keep in mind, the two ways to prevent a loss are by eliminating or avoiding the hazard altogether (i.e., fixing a leaky faucet to eliminate a slipping hazard) or replacing something hazardous with something that is not hazardous, like replacing a solvent-based paint with a water-based paint to eliminate harmful fumes and flammable vapors. If eliminating or substituting a hazard is not feasible, consider the following controls in your holistic approach.

TECHNOLOGY

Utilizing technology may help reduce the risk of an incident. Engineering controls often refer to various equipment, tools, and machinery that are designed to protect workers. Machine guards on a drill press and fender-mounted mirrors on the tractor are examples of engineering controls. In addition, an electronic logging device can help track hours of service, while onboard event data recorders can be used to monitor a driver's performance. Both pieces of technology give managers valuable data.

PEOPLE

Incident reports from one study concluded that 80% to 90% of "serious injuries and accidents have been attributed to human error."¹ Based on this statistic, motor carriers should be proactive in educating employees about any hazards related to their jobs. Consider conducting regularly scheduled safety meetings, on-the-job training, and daily safety communications involving the dispatchers (e.g., phone calls, emails, etc.).

ORGANIZATION

Organization refers to how the company operates. The leadership team's responsibility is to define the company's mission, vision, and values. Considerations may include how the company views safety, how safety performance will be measured, and how employees will be held accountable. Additionally, the leadership team can contribute to the company's holistic approach to safety by establishing administrative controls and providing support to safety initiatives.

¹ Source: <https://www.safetyandhealthmagazine.com/articles/13159-safety-leadership-neuroscience-and-human-error-reduction#:~:text=Incident%20reports%20overall%20show%20that,errors%20in%20their%20task%20performance>

CALL TO ACTION

- Monitor SMS on a regular basis to identify negative trends.
- Install fender-mounted mirrors on all tractors.
- Conduct regular safety training with employees.
- Perform road tests on all driver applicants as part of the company's selection process.

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HIGHLIGHTS OF KEY CHANGES TO AUTO INSURANCE IN BRITISH COLUMBIA

On May 1, 2021, auto insurance in British Columbia fundamentally changed. Direct compensation for property damage (BVDC, commonly applicable and known as DCPD in all Provinces except Saskatchewan and Manitoba) was enabled by legislative changes.

With BVDC, drivers deal with their own insurers to cover vehicle repair costs if they are not at fault in collisions. BVDC eliminates red tape between insurers and reduces costs associated with recovering damages from third parties. This is regardless of what province the policy was purchased.

How BVDC works:

BVDC coverage is part of mandatory auto insurance. If you are not at fault in a collision, your insurance company will cover damages to your vehicle caused by another driver.

If you are 100% not at fault, BVDC covers 100% of the vehicle damage claim. If partially at fault, BVDC covers the not-at-fault extent of damage. Optional collision coverage, if purchased, will cover the at-fault portion of the claim. If you do not have optional collision coverage, you will need to pay the at-fault portion out of pocket.

Making a BVDC claim will not affect your premium. Your premiums may be affected by accidents for which you are partially or completely at-fault.

BVDC coverage automatically comes with no deductible.

BVDC applies to vehicle damage only.

BVDC applies to all vehicles regardless of what province the policy was purchased.

This Act removes the right of people injured in motor vehicle accidents in BC to pursue litigation. (with a few exceptions)

Cross-Jurisdictional Issues & Scenarios:

What Happens When a non –BC Insured Driver is Injured While in British Columbia?

Insureds from out-of-province who are involved in motor vehicle accidents in British Columbia are entitled to accident benefits up to the prescribed British Columbia minimum limits, whether the insured has purchased First Party Personal Injury Protection (“PIP”) coverage or not.

Out-of-province auto insurers may be required to pay accident benefit coverage to the mandatory minimum limits in British Columbia, whether or not the policy wording provides any First Party Personal Injury Protection (“PIP”) coverage or not.

What Happens When a Pedestrian is Injured in an Accident in BC?

Litigation by injured party is not allowed. However, the Insurer for the vehicle that strikes the pedestrian is primary, while the pedestrian’s own insurer is excess; benefits payable are BC no fault benefits.

Accident benefits can be reduced by fault of the pedestrian.

In summary, out of Province vehicles with valid Third Party Liability coverage will be subject to the provision of BVDC. These Provinces include Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

Tort actions have been eliminated but for a few exceptions and Accident Benefits for drivers and pedestrians are paid up to prescribed BC minimum limits.

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THE GOVERNMENT PASSED THE TOWING AND STORAGE SAFETY AND ENFORCEMENT ACT

In June 2021, the government passed the [Towing and Storage Safety and Enforcement Act](#) (TSSEA). The TSSEA is designed to provide provincial oversight of the towing and vehicle storage sectors and will require tow truck drivers and tow and storage operators to hold a provincial certificate to operate in the future. The Ministry of Transportation (MTO) will continue to communicate regularly with the towing and storage industry leading up to the requirement to be certified, which is estimated to begin in 2023.

The TSSEA enables the government to create regulations to support the implementation of the Act. MTO appreciates the contributions and expertise that has been shared over the past couple of years by industry, stakeholders, and the public to support the development of the proposed regulations.

In 2021, the government also announced additional actions being taken to improve provincial oversight of the towing and storage sector, including:

- Launching a Tow Zone Pilot program on sections of provincial highways in the Greater Toronto Area to help improve safety, keep goods moving and clear highways faster after a vehicle collision or breakdown.
- Forming a Joint Forces Operation led by the Ontario Provincial Police (OPP) and municipal police services to investigate criminal activity in the towing industry.
- Improving data sharing between MTO and the OPP to support focused compliance actions with non-compliant tow operators through the Commercial Vehicle Operator's Registration (CVOR) program.

Together, the TSSEA and these additional actions will increase safety and enforcement, better protect customers, and improve standards for the towing industry.

If you have any questions, please reply to Towing@Ontario.ca.

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