



Lloyd Sadd has committed to provide services to the transportation sector that are second to none! The insurance, marketing and risk management specialists we have on staff allow us to live up to our Mission Statement:

"We invest time to understand our clients' business, helping them reduce their total cost or risk, making them a more profitable organization."

Understanding your business allows us to provide relevant and up-to-date information to keep you informed in this ever-changing industry.

Through our communiqués we will discuss insurance, risk management, compliance, and other topics that affect your organization.

We hope the information we are providing in this communiqué is beneficial. As always, we welcome your feedback and suggestions. Please feel free to contact us at any time.

DID YOU KNOW...

That with the new Federal Hours of Service regulations, if a driver who is required to maintain a Daily Log Book is found to either not have a log book or has falsified the log book, that driver, along with a fine and points against the company's Carrier Profile, could be declared out of service for 72 hours? This could have a significant impact on customer service and cause additional expense if another driver has to be sent out to carry on with the load!



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We Listen. We Think. We Deliver

Below is an article from **Today's Trucking Magazine, July 2008 edition**. Brian Lowes, Lloyd Sadd's Fleet Specialist, contributed to this article and explains the benefits of keeping a positive Carrier Profile. This article also discusses carrier profiles from several different perspectives. For more information on Brian, please see his profile on page 4.

Fleeting Glances

Your Carrier Profile could be one of your most valuable business tools.

By Steve Macleod

Between the ever-rising costs of fuel, a downturn in the economy, and the increasing price of iron, it's important to find ways to cut costs. A pristine safety record is a good place to start.

While the direct benefits of less maintenance, less downtime, fewer fines and lower labor costs are obvious, the savings that you can realize from having a top-notch safety record are harder to quantify. But they're there all right. And the government has been putting together a tool to help you figure out just how safe of an operation you're running. It's called a Carrier Profile.

"A carrier gets two Carrier Profile reports free of charge each year and it's important to take advantage of that. You can make assessments and implement changes. Most insurance companies will ask for it at renewal, so you can take a look at the halfway point and start making changes prior," says Brian Lowes, fleet specialist with Lloyd Sadd Insurance Brokers.

"It's also a great analytical, PR and marketing tool," he adds.

Depending on where you live, the government has your National Safety Code Profile or Commercial Vehicle Operator Record on file. This Carrier Profile outlines your ability to maintain minimum safety standards. And industry stakeholders are beginning to take notice.

"It really affects insurance premiums," says Denis Prud'homme, president of the Saskatchewan Trucking Association (STA) and former owner of Regina-based Prudhomme Trucks.

Nearly two decades ago, jurisdictions across the country established Carrier Profile lists as part of the

National Safety Code to help ensure carriers were maintaining a minimum safety standard.

Each jurisdiction records data on collisions, inspections and driving violations. The Carrier Profile works on a demerit-point system, similar to a driver's licence, and points are deducted based on the severity and safety risk of an infraction.

Each province uses the Carrier Profile as a way to monitor the safety of the industry.

"We intervene with the highest five percent of the industry every month. It starts with letters, then we do audits and possibly apply conditions. It's progressive in nature," says Wayne Lilley, manager of National Safety Code and operating authorities with Alberta Transportation.

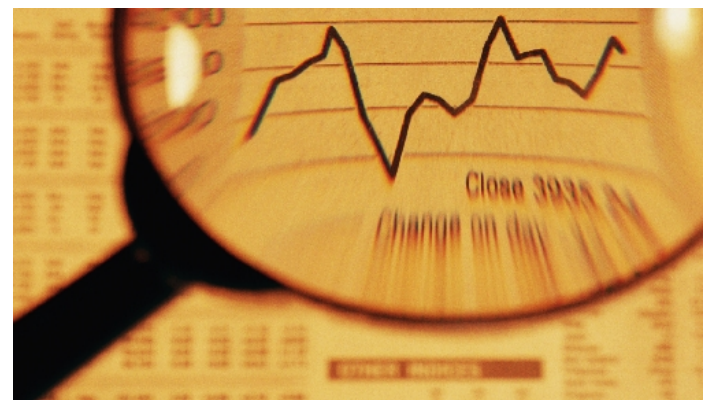
"Most come along quite well, although unfortunately there are some we have to put out of business, but those are few and far between. The point is to keep them in business, not to take them out."

As with many things in this industry, technology has helped change the make-up of the Carrier Profile.

On paper, the profile served as a list to determine when a carrier needed to be reacquainted with law enforcement. In the mid-90's, however, the system moved to an electronic form, which allowed provinces to create more structured lists and provide carriers with substance, rather than just a list of don'ts.

"We make sure it's simple and even external people from the industry can read and understand it," notes Lilley.

"We also break it down by industry, like logging and forestry, and see how we can help specific industry sectors if they all run into similar issues."



While the full Carrier Profile is the property of the fleet, there is a summarized version available to the general public. And an increasing number of insurance brokers and shippers are asking to see the profile before doing business.

A LITTLE INSURANCE

“Insurance companies for the most part require it as part of the application and renewal process,” says the Edmonton based Lowes. “The use of the Carrier Profile has increased over the years. There are some insurance companies where it has always been a requirement, but it definitely has increased in demand.”

Collisions on a Carrier Profile are of particular interest because not every collision gets reported to the insurance company as the operator sometimes eats the cost. Insurance companies also look at convictions, the demerit threshold and out-of-service incidents to assess a carrier’s risk, but a positive review could pay dividends.

“We can use it to get insurance companies competing for your business. If your potential for risk and loss is reduced because you’re doing it the right way, then they will compete to get your business because you’re a low risk,” explains Lowes. “If you do it right you reduce costs, the cost of violations, cost of repairs, cost of training.”

One important way to improve your Carrier Profile is to increase the number of positive roadside inspections. Lowes says he finds that too many times carriers are not getting recognition for positive visual inspections of their vehicles and it’s important to follow up to get them on your profile.

“One thing I encourage companies to do is keep inspections filed in chronological order and make sure all good inspections are recorded on the profile,” adds Lowes.

Creating a positive profile is far from a one-step process (Lowes just finished putting together a 32-page booklet on the subject) and it will likely need involvement from everyone in the organization to pay off.

ON THE HORIZON

“You need to be safety conscious and it all starts at the top. It’s everybody’s responsibility throughout the company and you have to walk the walk, so it becomes a way of doing business,” says the STA president. “The thing I find sometimes that’s tough to swallow is the carrier is responsible for somebody else’s behaviour.”

While fleets alone have been subject to the parameters of the Carrier Profile for decades, that may change in the near future. A Driver Profile similar to the Carrier Profile is on the horizon in Saskatchewan and implementation in Alberta may be just around the corner.

“Alberta is working on a project to create a Driver profile, which would include hours of service, overloads, cargo securement and other non-moving violations,” says Lilley. “It’s been talked about as a response to the industry. They’ve been asking for years for a system that would help in hiring practices of responsible drivers.”

While the Driver Profile is still in its development stages, there is a possibility it will be ready in 2008; and the insurance companies can’t wait.

“We would love to see a Driver Profile,” says Lowes. “You would be able to identify the poor drivers impacting a carrier’s profile. Right now all you can do is take people at their word. With a Driver Profile you’re not dependent on what people are telling you and you can make an informed decision.” ■

Reference: Today’s Trucking Magazine; www.todaystrucking.com



5 KEYS TO IMPROVEMENT

WHILE A CARRIER PROFILE IS NOT UP FOR DEBATE, RATINGS DO CHANGE OVER TIME AS INFRACTIONS FALL OFF YOUR RECORD. HERE ARE FIVE WAYS TO KEEP THE PROFILE IN TOP SHAPE:

1. Implement a good safety program.
2. Develop and monitor a good maintenance program
3. Pay close attention to your internal monitoring system.
4. Ensure staff members are trained properly and aware of company policy.
5. View the Carrier Profile regularly and take appropriate action.



**Brian Lowes, CRM
Fleet Specialist**

Brian specializes in finding risk management solutions for our transportation clients. He joined Lloyd Sadd in 2005 with over 30 years experience in the transportation industry. With experience as a consultant and insurance loss control specialist, Brian has worked with a wide range of fleet types. With his experience as a commercial vehicle Accident Reconstructionist, Brian is very experienced with investigations. With many additional qualifications, Brian has provided assistance and training to industry, insurers, enforcement, and legal personnel.

Key Responsibilities

- Assist transportation clients with compliance (Canadian/US)
- Completion of loss control surveys, as well as loss & violation review with recommendations and direction provided to clients.
- Ongoing assistance in monitoring safety & compliance program

Education / Professional Designations / Memberships

- Canadian Risk Management (CRM) designation
- Level 1 Insurance License
- Member of Canadian Society of Safety Engineering
- Member of Alberta Motor Transport Association
- AMTA Collision Evaluation Committee
- Advanced Commercial Vehicle Accident Investigation
- CVSA Inspector Training
- Motorcoach Inspection Training
- Train the Trainer



With September just around the corner, we are preparing to send our children back to school. With that comes the need to be watchful for children in playground and school zones. Parked cars create nervousness for many drivers, because you never know when a child may dart out from between two parked cars and into traffic! And while we may shake our heads from the panic, please remember, "children are not careless, they are care-free!"

On the highway we must also be aware of children being transported by school bus. Remember that early morning and late afternoon are prime times for school busses to be on the road. Poor weather and visibility create an additional hazard, and you may have difficulty seeing the school bus that is stopped ahead.

Remember that a school bus with flashing amber lights is warning you that it is about to activate its red flashing lights to stop and pick up or discharge children. Some busses are equipped with a roof mounted strobe light to aid in its ability to be recognized.

By regulation, a school bus is any vehicle that displays the words "School Bus". Regulations state the max. allowable speed for a school bus in Alberta is 90 km per hour. Keep this in mind as you approach a school bus from behind where the speed limit exceeds 90 km per hour; you could be approaching the bus faster than you think. Be extra mindful of this in poor weather conditions.

Here are a couple of staggering facts and statistics regarding drivers and school busses in Alberta:

- A drive-by is referred to as an occasion where a vehicle failed to stop while a school bus was loading or discharging children. A two month survey in 2007 involving 22 school divisions and bus contractors recorded more than 500 drive-by situations!
- In Alberta, if you are convicted of passing a school bus when stopped with its red lights flashing to load or discharge children, the penalty is a minimum \$400 and (6) demerit points on your driver's abstract. Though this should be significant deterrent, think of the ultimate price that could be paid – by a child!!!

Are You Covered in Case of a Business Interruption?

When it comes to renewal time, a great deal of time is spent discussing the fleet coverages, deductible options, and retention strategies. The goal is to get the broadest coverage while saving on the significant premium attached to transportation fleets. This is, after all, the largest part of the premium you pay, and it is important to leverage the options available to tailor your fleet insurance to meet your coverage requirements and budget. What is often overlooked is business interruption insurance.

What happens if a fire causes your place of business to be temporarily unusable, what would you do next? Ideally, you would move to a temporary location while your permanent place of business is being repaired. Yet, traditional Property Insurance does not cover this move or a loss of income when a business must temporarily close. With Business Interruption Insurance, also referred to as Business Income coverage, this setback can be minimized by simply adding this coverage to your Property Insurance policy.

WHAT IS INCLUDED IN A BUSINESS INTERRUPTION INSURANCE POLICY?

- Compensation for lost income if your company has to vacate its premises as a result of disaster-related damage covered under a Property Insurance policy.
- Covers the profits that would have been earned based on previous financial records, had the disaster not occurred.
- Covers operating expenses, such as utilities, that must be paid even though business temporarily ceased.
- Covers expenses of operating in a temporary location while repairs to the permanent location are completed.

CONSIDERATIONS FOR BUSINESS INTERRUPTION INSURANCE:

- Business Interruption Insurance cannot be purchased on its own; it must be added to a Property Insurance policy or included in a Business Owner's Insurance policy.

- Policy limits should be sufficient enough to cover a large amount of time to rebuild the permanent business space. Generally there is a 48-hour waiting period before the coverage will apply.
- Price of coverage depends on the risk of disaster to the premises. This may depend on the business location, nature of the business and how easily the business could function at an alternate location on a temporary basis.

WHAT IS EXTRA EXPENSE INSURANCE?

Extra Expense Insurance is also a viable inclusion to cover the amount needed to avoid having to shut down a business while the permanent location is being repaired. This coverage reimburses for expenses that arise on top of normal business expenses and will be paid to decrease business interruption costs. Depending on the disaster, Extra Expense Insurance may be sufficient enough to provide financial relief without having to utilize Business Interruption Insurance.

Insurance experts estimate that Business Interruption Insurance is one of the most, if not the most, valuable coverage available. Yet, it is often overlooked by business owners as a necessity. Since Property Insurance only covers the cost of physical loss or damage and contents of a business in the event of a disaster, Business Interruption coverage is invaluable in covering the loss of income while the permanent business location is being repaired. Consult with your broker today to learn more about all of our business continuity resources.

