SPRING

2025

TOTAL CO$T OF
RISK
RETAINED LOSSES

When a motor carrier strategizes how to manage its risks, one of the focuses is on preventing and mitigating potential losses. However, part of this planning may also involve deciding which risks they are willing to retain versus those they will seek to transfer (e.g., insurance). Retained losses can directly impact a motor carrier's financial health and resilience.

WHAT ARE RETAINED LOSSES?

When an incident occurs, such as a vehicle accident, retained losses are the portion of a motor carrier's loss that is not transferred to insurance or other risk transfer mechanisms. Instead, these losses are retained or absorbed by the motor carrier, typically through reserves, cash flow, or other internal financial resources. In other words, retained losses represent the cost a motor carrier decides to bear on its own rather than outsourcing that risk to an insurance provider or other risk-sharing entity. These retained costs can arise from various scenarios, such as:

- *Deductibles* — The amount paid out of pocket before insurance coverage applies.
- *Self-Insured Retention (SIR)* — Similar to a deductible, it typically involves greater amounts and often has additional administrative implications.
- *Uninsured Losses* — Losses not covered by insurance.

THE ROLE OF RETAINED LOSSES IN RISK MANAGEMENT

Retaining losses rather than transferring them is one critical component to a motor carrier's risk management strategy. This decision may require balancing potential costs against available resources and the company's risk tolerance. For example, retaining some losses can help avoid high insurance premiums, control claim management, and foster a more proactive approach to managing minor or predictable losses. However, retained losses may introduce a level of financial risk that can strain a company's resources if not managed properly. Therefore, it is important to carefully assess how much risk you can absorb without jeopardizing operations, profitability, or growth objectives.

CALCULATING AND FORECASTING RETAINED LOSSES

A crucial part of managing retained losses may involve accurately forecasting potential costs. Estimating these losses can be complex, as it may require evaluating the frequency and severity of potential incidents. Companies may use historical data, industry benchmarks, and statistical models to estimate these factors.

- *Loss Frequency* — The number of times a loss event occurs, such as a parking lot accident or a slip, trip, or fall injury in a given period.
- *Loss Severity* — The potential financial impact if an event occurs. For example, a multi-vehicle accident could lead to high-severity losses if severe injuries or property damage occurred.
- *Risk Tolerance* — The level of risk the company is willing to accept without insurance. The company's financial capacity to absorb losses and operational flexibility often inform this decision.

When companies analyze these factors together, they can make informed decisions about the amount of loss they are comfortable retaining. Businesses often establish a threshold, referred to as a retention level, to define the amount of loss they are prepared to absorb within a given period.

THE COSTS ASSOCIATED WITH RETAINED LOSSES

Retained losses are not just straightforward costs; they can include direct and indirect expenses that businesses should consider:

- *Direct Costs* — These costs may be easier to predict and budget for, such as tow bills and revenue lost because of a rejected load.
- *Indirect Costs* — These costs are harder to predict and may be more substantial, such as lost productivity, reputational damage, and legal expenses.

FINANCING RETAINED LOSSES

Motor carriers should have a robust plan to finance retained losses to cover these costs without disrupting operations. Some common approaches include:

- *Reserves* — Allocating specific funds to cover anticipated losses. This approach can help ensure financial resources are available when needed, though it also ties up cash that could otherwise be used for investment.
- *Captive Insurance* — Joining a captive insurance subsidiary to underwrite some of the company's risks. Captives can allow companies to benefit from a self-insurance model while still benefiting from some formalized risk management structure.
- *Lines of Credit* — Establishing credit facilities that can be accessed quickly to cover unexpected costs. While this provides flexibility, it can add interest costs and potential debt burden.

As you plan your risk-management strategy, consider the pros and cons of retaining losses, as well as the other costs associated with risk transfer, risk control, and administration.

Note: These lists are not intended to be all-inclusive.

CALL TO ACTION

- **Discuss the impact of retaining losses with your management team, insurance agent, and legal counsel.**

FIVE REASONS TO KEEP LEARNING, GROWING, AND CONNECTING

Successful leadership is about far more than just maintaining the status quo. To remain effective and resilient, leaders must commit to continuous learning, personal growth, and active networking. Here are five reasons leaders should keep striving to evolve and expand their knowledge, skills, and connections.

ADAPT TO CHANGE

The transportation industry is constantly evolving, and each day brings new challenges. Adapting to change is a must for leaders. Those who prioritize continuous learning, whether it be staying abreast of regulatory updates, studying market trends, etc., are often better prepared to anticipate changes, make informed decisions, and pivot when necessary.

ENHANCE PROBLEM-SOLVING SKILLS

General Colin Powell said, "Leadership is solving problems. The day soldiers stop bringing you their problems is the day you have stopped leading them."[1] Challenges are inevitable in any leadership role, and lifelong learning equips leaders to analyze problems from multiple angles, embrace new perspectives and techniques, and creatively address issues. Likewise, growing your network can help you expand your toolkit for tackling complex issues. Learning from the experience of others and asking for help promotes one of a leader's greatest attributes: humility.

[1] Source: https://www.brainyquote.com/quotes/colin_ powell_138124?src=t_problems

DEVELOP EMOTIONAL INTELLIGENCE

Emotional intelligence (EQ) is a crucial trait for effective leadership, as it allows leaders to empathize with their teams, manage stress, and communicate effectively. Learning and personal growth foster increased self-awareness and interpersonal skills.

Leaders who invest in understanding themselves and others can build stronger relationships, leading to better team dynamics and trust.

EXPAND INFLUENCE AND OPPORTUNITIES

Networking, both within and outside the trucking industry, can unlock new opportunities, partnerships, and collaborations. Leaders who actively connect with others expand their influence and gain insights that can propel their organizations forward. Being part of a broader network can provide access to new resources, ideas, and support, creating a richer knowledge base and opportunity.

BOOST RESILIENCE AND MOTIVATION

Regardless of where you stand on the corporate ladder, leadership can be a demanding journey, often filled with setbacks, challenges, and, at times, an ominous sense of imposter syndrome. Investing time in continuing education, personal development, and networking can help leaders cultivate resilience, allowing them to better navigate adversity, maintain motivation, and feel a sense of purpose. This resilience enables them to lead confidently through challenging times and stay inspired to achieve long-term goals.

Note: These lists are not intended to be all-inclusive.

CALL TO ACTION

- Stay up to date with Provincial and Federal regulations by attending your local Fleet Safety Counsel Chapter, as well as by attending similar industry events.

NEW OHIO TOWING FAIRNESS LAW TAKES EFFECT IN APRIL
Law Allows Release of Cargo, Trucks Pending Dispute Resolution
Written by Noël Fletcher | Transport Topics

Ohio Gov. Mike DeWine signed a law Jan. 8 creating a process to resolve disputesover high invoices for towed commercial vehicles in legislation backed by statetruckers and towers. The law, which takes effect April 9, creates legal remedies regarding towing commercial motor vehicles after an accident.

Under the measure, the owner of a towed motor vehicle can bring civil actionagainst a tower or storage facility regarding recovery of the vehicle, cargo orpersonal contents, or if the owner disagrees with the billing amount for those services.

The law enables a vehicle owner to start a civil action on behalf of themselves or a third party for whom they commercially transport cargo to object to the amount billed by a towing service or storage facility after an accident.

Additionally, a towing company or storage facility can initiate civil action against a motor vehicle owner to force payment of towing and storage fees after 46 days from the date an owner received a bill.

The legislation, sponsored by state Sen. Al Cutrona (R), was contained in House Bill 403 among a package of motor vehicle-related changes to state regulations that received widespread bipartisan support. Co-sponsors included Republican Sens. Jerry Cirino, Terry Johnson, Stephanie Kunze, Nathan Manning, Bill Reineke and Shane Wilkin and Democrats Sens. Hearcel Craig, William DeMora and Catherine Ingram. The Senate passed the bill without opposition Dec. 18. In the House, the bill encountered minimal opposition, also passing the same day on an 84-5 vote.

Cutrona noted when introducing the legislation in April that it was the result of the Ohio Trucking Association and the state's two towing and recovery associations discussing a "very contentious issue between these two industries" with a shared commitment to "create a simple, fair and expedited form of dispute resolution to deal with towing and recovery bills deemed to be excessive by the trucking industry. Both industries aimed to keep commerce moving swiftly, address payment to the towing industry for services they provide law enforcement clearing highways and roadways when a major accident occurs, and deal with property as a result of these accidents."

Cutrona commended OTA and the towing groups for creating the dispute resolution process within the legislation so that both sides "know the 'rules of the road' if they cannot agree on a final bill when these major accidents must be cleared from our roadways to ensure the traveling public's safety. Vehicles, property, cargo and payment to the towing service will be dealt with expeditiously to ensure we keep commerce moving."

The new law states that if a motor vehicle owner disagrees with a towing or storage bill and files a complaint, they must list and pay the undisputed billing amount. For the disputed amount, the owner must explain the problem, provide evidence and post a bond equal to the disputed amount.

Then the tower or storage facility must release the motor vehicle, cargo or personal property within two business days after receiving payment of the undisputed amount cited in the complaint or answer to the civil action.

A judge will decide how much, if any, of the disputed amount should be paid from the bond posted by the vehicle owner to the towing company or storage facility.

"The court may also require either party to pay or refund any additional amount and may impose any monetary penalties that the court determines to be appropriate," the law states.

Tom Balzer, president and CEO of OTA, testified in support of the legislation. He told state lawmakers that under current practice in a commercial vehicle accident or towing situation, a trucking company must usually dispute fees "they feel are exorbitant. The towing company, in turn, holds the property of the trucking company until the dispute is resolved, forcing the trucking company to either eat the cost of the high fees to get back on the road, or risk not being able to complete their contract on time while the truck, the trailer and its contents are held by the towing company."

Balzer said the streamlined process benefits both parties by separating billing disputes from cargo movement. "This allows for the dispute to continue without a significant delay in getting the cargo where it needs to go," Balzer explained. "This solution is a common-sense, straightforward solution to a problem that exists on a regular basis."

Joe Hollabaugh, vice president of Shumaker Advisors and representing the Association of Professional Towers - Ohio, backed the measure.

"Neither the law enforcement entity, nor the state, county or local governmental entity is required to pay the towing company for providing the services. The only avenue for towing companies to be paid for their services is through the vehicle owner — in this case the trucking company," Hollabaugh said.

He said he favored the new law and hoped it would encourage parties to settle disputes before going to court. "Significantly, vehicles, property, cargo and payment to the towing service will be dealt with expeditiously to ensure we keep highways safe for the public and commerce moving," he added

FMCSA EXPANDS CRASH PREVENTABILITY DETERMINATION PROGRAM TO INCLUDE ADDITIONAL CRASH TYPES

The Federal Motor Carrier Safety Administration (FMCSA) recently updated its Crash Preventability Determination Program (CPDP) to allow for more eligibility. As announced in December 2024, 21 different crash types are now eligible for CPDP review, including four new crash types. This program reviews 21 specific crash types and modifies information in the Agency's Safety Measurement System (SMS) to distinguish non-preventable crashes. Under the CPDP guidance, if you were involved in an eligible crash, you may submit the review request through DataQs system, along with supporting documents, photos, videos and the required accident or collision report.

CRASH PREVENTABILITY DETERMINATION PROGRAM

1 Eligible Crash Occurs → 2 Submit Request with Police Accident Report → 3 FMCSA Reviews Request → 4 FMCSA Posts Final Determination

The expanded eligible crash list applies to crashes on or after December 1, 2024. FMCSA will review crashes prior to December 1, 2024, under the previous standards and cannot evaluate crashes older than five years.

The CPDP allows motor carriers and drivers to submit evidence that a crash involving their commercial motor vehicle (CMV) could not have been prevented by the CMV driver. Crashes that FMCSA determines to be non-preventable are not included in calculations for a motor carrier's Safety Measurement System (SMS) Crash Indicator.

The eligible CPDP crash list now includes indirect strikes and crashes with video evidence. This means that, for the first time, motor carriers can submit a request for data review (RDR) for crashes where video evidence is available. You should use the video option only if the crash involved does not fall under any of the regular categories.

For more information on crash type eligibility, frequently asked questions, and additional details, please visit https://www.fmcsa.dot.gov/crash-preventability-determination-program.

You can also download the complete guide from Old Republic's website using the following link: https://www.orican.com/trucking-insurance/resources.

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INSPIRE, APPRECIATE, AND RECOGNIZE: HOW TO PUMP UP EMPLOYEE MORALE

In today's fast-paced and competitive work environment, maintaining high employee morale is crucial for productivity, retention, and overall company success. One effective way to boost morale is through appreciation, inspiration, and recognition (AIR). These three elements create a positive work culture where employees feel valued and motivated. Here are some tips to help you get started.

APPRECIATION

Appreciation involves acknowledging and valuing the contributions your employees make to the organization. When employees feel appreciated, they are more likely to be engaged, loyal, and motivated to perform at their best. Examples include:

- *Personalized Appreciation* – One of the most effective ways to show appreciation is to personalize your acknowledgment. Tailor your appreciation to each employee's specific contributions.
- *Public Praise* – Do not keep appreciation behind closed doors. Publicly acknowledging employees' efforts can boost morale and encourage others to strive for similar recognition.
- *Small Gestures* – A handwritten note, a thank-you email, or even a coffee treat can go a long way in making employees feel appreciated. These simple acts show that you notice and value their hard work.

INSPIRATION

Inspiration is about connecting employees to a larger vision and purpose. When employees understand how their work contributes to the organization's goals, they are more likely to be motivated and find meaning in their daily tasks. Examples include:

- *Communicate Often* – Regularly share the company's mission, vision, and values with your team. Help them see how their roles contribute to the bigger picture.
- *Lead by Example* – The energy of passionate leaders can be contagious. Employees are more likely to be inspired when they see their leaders genuinely invested in the company's success.
- *Encourage Growth* – Inspiration can come from personal and professional growth. Training, mentoring, and career development opportunities are great ways to boost morale.

RECOGNITION

Recognition is the act of celebrating employee achievements, both big and small. Regular recognition boosts morale by reinforcing positive behavior and showing employees their hard work does not go unnoticed.

- *Formal Recognition Programs* – Reward and recognize employee achievements with a formal program. Examples include employee of the month awards, bonus incentives, or perks for reaching milestones.
- *Peer-to-Peer Recognition* – Create opportunities for employees to celebrate each other's achievements. These efforts can help foster teamwork and make the workplace more collaborative and supportive.
- *Celebrate Milestones* – Do not wait for significant accomplishments to recognize employees. Celebrate professional and personal milestones, such as work anniversaries, project completions and personal achievements such as finishing a certification or degree.

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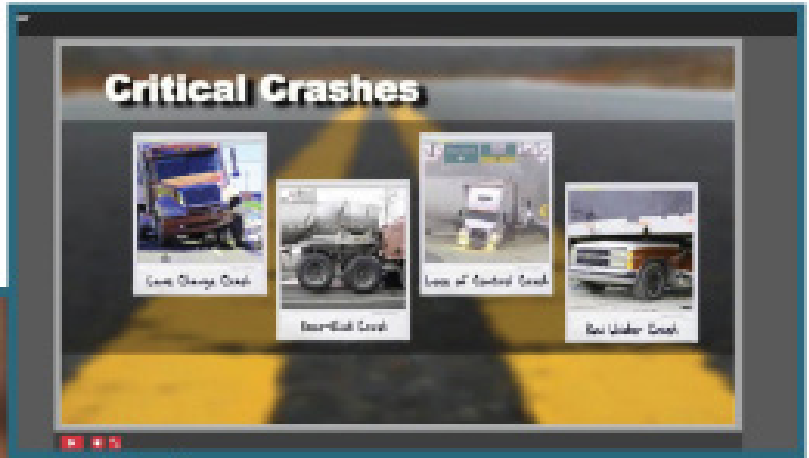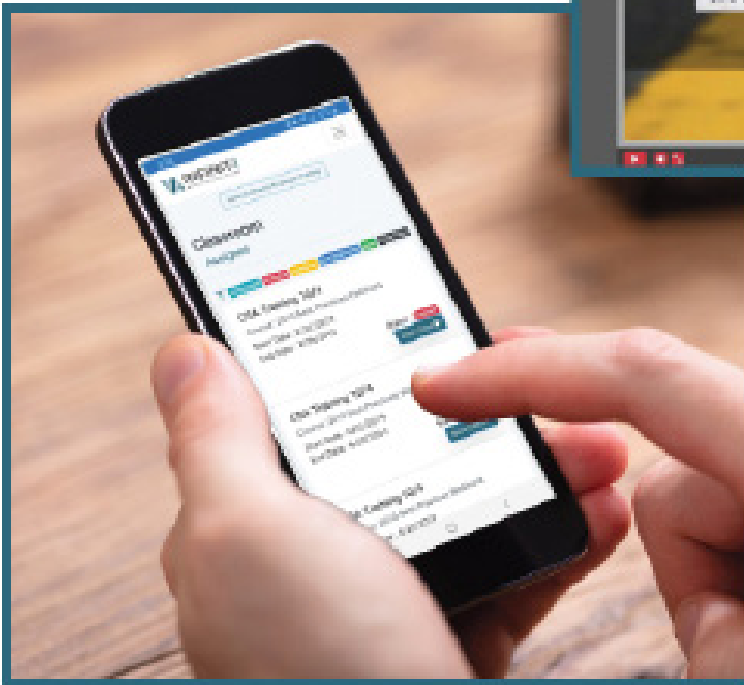
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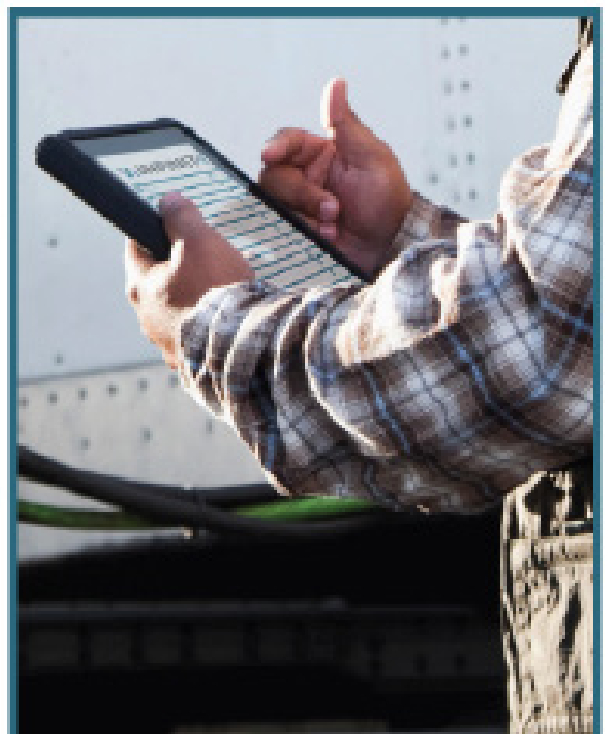
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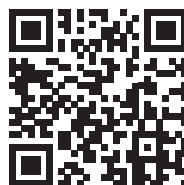
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