

# WITH REPAIR COSTS ON THE RISE, RISK MANAGEMENT IS NOW MORE IMPORTANT THAN EVER



Members of the transportation industry have always worked tirelessly to operate as safely as possible. But over the years, the average cost of trucking repairs has increased. Because of this, it is important to implement a solid risk management program to ensure you have the proper framework in place to avoid potential claims. Northbridge experts Joanne Arenas and Scott Creighton weigh in on why repair costs have increased and what should be considered when implementing a risk management program to help reduce the likelihood of a collision.

## Why has the cost of trucking repairs increased?

Repairs are not the only thing that have gone up in price. The cost of purchasing new trucks has also increased over the last five years, which impacts the value of total losses. In fact, the materials being used to build vehicles are more expensive than they used to be. Ten years ago, a standard hood may have cost around \$4,000, as they were made from fiber glass. But now they are often made using composite plastic, which can double the cost.

Over the years, vehicles – including trucks – have become more technologically advanced. While this has been beneficial from an operations and safety standpoint, it has increased repair costs since replacing or fixing parts is significantly more complex. For instance, in the past a standard rear-view mirror assembly could cost between \$90 to \$175. Today mirrors include additional features like heating or lane departure sensors and as a result, can cost upwards of \$1,200. Emission systems have also evolved to meet environmental demands and therefore cost more to repair and replace. All of this is further compounded by higher mechanical and collision repair labour rates.

## A good safety program starts with the right drivers

With all of this in mind, it's vital to work proactively to prevent any collisions that could be avoided. This starts with good drivers, which is why it's important to have a thorough screening process in place when hiring. As a best practice, when searching for new talent, carriers should look at years of verifiable experience and previous relevant equipment experience. They should also look for new hires with no at-fault collisions and clean driver abstracts. A structured interview should be conducted, which includes a behavior-based assessment, reference checks, and critical over-the-road assessments, that are conducted and documented by qualified trainers. In the end, the safety department should have final say on who is hired.

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### Invest in training to reduce future costs

Carriers who have a developed training program often have lower collision rates, which results in lower internal costs and better on-time service. As part of this program, quarterly or bi-annual safety meetings should be scheduled to review best practices and risk management insights. Defensive driving training should be provided at orientation, but also on a scheduled basis thereafter. It's recommended that carriers also monitor topical issues and provide training to any affected employees.

On top of regular training, refresher training is vital. Carriers should consider using the data they collect to monitor if there are any trends to their drivers' performance. Based on violations they note, they can then develop training specific to those issues. So, if they note a number of their drivers are running over their hours, they can provide training on trip planning and maintaining appropriate hours of service, before it leads to something more serious.

### Motivate employees to be safe

To help ensure employees are doing everything they can to remain safe, a safety motivation program can be implemented. A company safety manual should combine carrier-specific, industry, and customer-related information with behaviour-based information. Incorporating a health and wellness program can also go a long way towards driver retention. Company safety statistics should be communicated to drivers frequently and employees should be rewarded for reaching specific safety-related goals.

### Embrace new technologies

While new technologies have added to the cost of repairs, they also help drivers avoid incidents in the first place. It's important to make use of these technologies, including electronic control modules, collision avoidance systems, anti-rollover systems, and lane departure technology.

But realistically, not all carriers are in a position to implement a full telematics program. A good place to start is with dash cams. More times than not this information will exonerate the driver when involved in a collision, but even in the cases where the driver is found at fault, the information can help your insurance company enter a settlement and close off the claim faster.

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## ENSURE YOU'RE COVERED

Having a detailed risk management program in place can help minimize the amount of claims your company experiences. It can limit the amount of collisions your drivers are involved in, helping to ensure their safety along with those on the road around them.

But even with thorough screenings of new drivers, regular training, and up-to-date technology, incidents can happen. Northbridge offers customized insurance solutions, tailored for the transportation and logistics industry, to help ensure your company and fleet are back on the road as soon as possible.

