IBC
Insurance Bureau of Canada



Improving the risk profile of **Commercial Trucking in Canada**

The commercial trucking sector in Canada is facing a tsunami of converging issues that, if not addressed, will threaten the stability of Canada's supply chain. The affordability of commercial trucking insurance has been on slow simmer for years, and insurers continue to see a significant increase in the size and cost of accidents on our roadways. Across Canada, and for consecutive years, many insurers are experiencing losses exceeding premiums. This is unsustainable, and has led to premium increases, particularly those operating single vehicles or small fleets.

The key factors contributing to these challenges are:

- High turnover of experienced drivers
- New drivers coming on stream that lack experience and access to adequate training and road safety programs
- Significant fraud in the marketplace
- A dramatic increase in the size of liability claims

These challenges are less pronounced in large commercial enterprises and fleets which have more sophisticated driver training and risk management operations.

Given these trends, IBC and Canada's insurers have developed recommendations designed to improve driver training – both in its affordability and in the quality of education it provides – and enhance the safety of our roadways. It's also clear that a national database of trucking insurance and claims information is needed so that insurers can verify a truckers driving history and fight fraud in the marketplace. Finally, truckers must also be given ownership of their employment records to assist them in finding a job.

KEY PRESSURES FACING THE COMMERCIAL TRUCKING MARKET IN CANADA

Driver shortages

Across Canada, the commercial trucking sector is facing a shortage of qualified drivers as older, experienced truck drivers retire from the profession. With an increase in the number of newer, younger drivers on our roadways, insurers are witnessing an increase in the number and cost of trucking accidents on our roadways. As a result, newer drivers with less experience are facing challenges with the affordability of their insurance.

Fraud

A recent study* found rampant fraud among some long-haul truck operators. In this review, drivers were found to be mis-representing their vehicle use and falsely claiming to be based in another province in order to get cheaper insurance rates. Unfortunately, insurers don't have the tools to verify this information and fight fraud on their own.

*Facility Association 2019

Increasing liability claims

A strengthening U.S. economy has increased the number of cross-border trips. The proliferation of 'nuclear verdicts' in U.S. courts, where courts award tens of millions of dollars to plantiffs following trucking accidents, has dramatically increased the cost of insurance claims. These pressures are driving up the cost of insurance when driving internationally.

To improve the commercial trucking insurance market, IBC and its members have developed a proposed framework for an improved, mandatory driver training program.

RECOMMENDATION 1

Training, Accreditation and Trainer Certifications

With the exception of Québec, which has a well-established network of vocational institutions with extensive truck driver training courses, the entry-level training requirements in other regions of Canada are inadequate. There are several problems:

- The absolute number of training hours required (in-class and in-vehicle) for training programs are not enough to adequately train drivers
- There are minimal knowledge or experience requirements for teachers that are instructing the students
- There are few specialized courses that address some of the more hazardous aspects of truck driving, such as navigating different terrain depending on a driver's route or how to safely haul dangerous cargo
- There are few opportunities for students to pursue apprenticeships
- The cost for Mandatory Entry Level Training, or MELT, or other existing professional provincial training programs, can be as high as $10,000, versus $1,000 in Québec. The high cost for the current training regime and ongoing challenges securing affordable insurance are a financial sore point for new drivers

As a result, many other vocations such carpenters, electricians and even hairdressers have a higher degree of training and accreditation than commercial truck drivers. That doesn't make sense.

National and Provincial Training Protocols

There should be an update to the current National Occupational Standards for Commercial Vehicle Operator (Truck Driver) and entry-level training requirements.

Finishing, Proficiency and Continuous Training

There should be continuing education for those in the trucking sector after entry-level training has been completed.

Implementing these steps will require the involvement and support of other stakeholders, including government.

The MELT program and other existing provincial training programs should be enhanced to provide standardized curriculum for schools and professional trainers, with subsidies to help drivers receive this training at an affordable price.

It's time trucking was treated as an accredited, professional trade.



RECOMMENDATION 2

Centralized Database to Verify Risk Information

Commercial trucking insurers report that they frequently encounter fraudulent documents related to employment histories, driving records, and vehicles being used outside of region/province indicated in the insurance contract. While insurers are able to spot some of these forgeries using in-house processes, many go undetected.

To address the, government should work with other stakeholders to:

Create a National Database of Insurance and Claims Information

The existence of a centralized database to verify critical insurance information needed for underwriting would provide better priced insurance and help identify fraudulent activity in the marketplace.

RECOMMENDATION 3

Provide Truckers with Ownership of their Driving and Employment History

With record high demand for truckers, some operators look to prevent drivers from finding new employers by denying to provide their record of employment and driving history. This can also create insurance complications, particularly where a driver cannot prove their level of experience.

Government should mandate that operators must provide these, where requested, to assist those seeking new employment opportunities.

Government must work to reduce fraud and enhance information sharing by:

- Creating an accessible database that can verify driving claims and infraction histories
- Mandating that employers provide a driver's record of employment, when requested.

CONCLUSION

The challenges in Canada's commercial trucking insurance market will not end overnight.

Government, the trucking sector, and the insurance industry must come together to design and implement a new training framework in Canada.

Building on national best practices, this framework must include accreditation standards, increased behind-the-wheel training, and be made more affordable for those looking to pursue trucking as a profession.

We are here to help.

IBC has insurance professionals to help commercial trucking operators navigate the insurance marketplace. Contact IBC's Business Insurance Helpline at **1-844-2ask-IBC** (1-844-227-5422) if you need help obtaining affordable insurance coverage.

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