



WHITE PAPER



Compliance ★ Safety ★ Accountability

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A Shipper's Perspective



TransCore®
CarrierWatch™

Authority, Insurance & Safety Monitoring

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What is CSA?

CSA is a new safety measurement system being implemented by the Federal Motor Carrier Safety Administration (FMCSA). Its purpose is to reduce commercial motor vehicle (CMV) crashes, fatalities, and injuries.

CSA does not change the current process of inspections to determine on-the-road performance but it does differ from the current SafeStat model in three distinct ways:

The FMCSA began testing CSA in February 2008 starting with selected motor carriers in Georgia, Missouri, New Jersey, and Colorado. They have since expanded the program to include carriers in Montana, Minnesota, Kansas, Maryland and Delaware.

Full roll-out of the program is expected to start in November 2010 with the replacement of the current SafeStat system. Beginning in 2011, the FMCSA will train enforcement agencies and begin sending out warning letters to carriers nationwide. (Note: Dates are subject to change. For additional updates see CSA2010.fmcsa.dot.gov/whats_new.aspx)

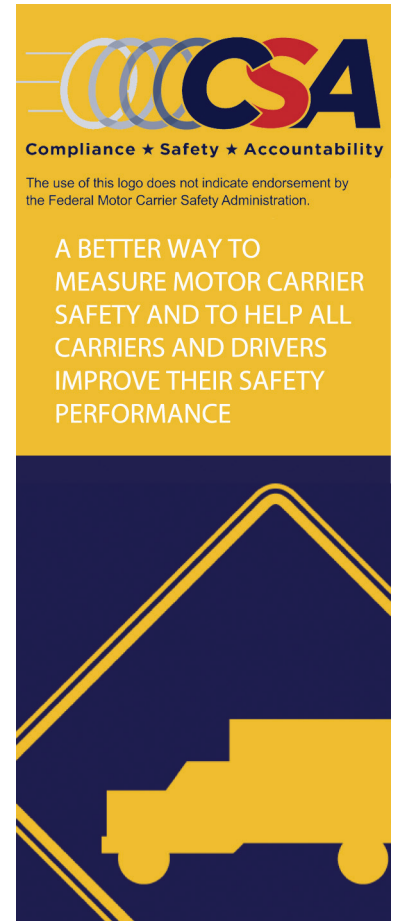
In order to implement the new Safety Fitness Determination process, the FMCSA must go through a notice and comment rulemaking. The Agency anticipates publishing a final rule by late 2010. However, if the rulemaking is delayed, CSA will be deployed using the current compliance review process.

How will CSA affect the trucking industry?

The consensus among those most familiar with the new measurement system is that it will cause a lot of confusion in the near term and will ultimately reduce the amount of available truck capacity on the road.

According to an article published in *Transport Topics* on March 1, 2010, FMCSA Administrator Anne Ferro told the American Trucking Associations that “there are going to be some snafus along the way” to full implementation of CSA.

In the first few months, carriers that are unprepared for the change may struggle to comply with new intervention processes and to correct bad scores or bad data. Many carriers that have had good scores in the past will be caught off guard. The FMCSA weighs recent violations more heavily than ones that occurred up to two years ago, it will therefore take six months or more for carriers to improve their scores.



Under the CSA, SMS, a carrier's safety fitness determination will be closely tied to driver performance on the road, forcing many to scrutinize and focus on individual driver behaviors. In March the FMCSA introduced their Pre-Employment Screening Program (PSP) which will enable carriers to assess individual operators' crash and safety violation history as a pre-condition for employment. It is assumed that, over time, these changes will have the effect of weeding out bad drivers from the market. While this is obviously a good thing for the safety of all road users, it could significantly reduce the pool of available drivers and limit available truck capacity.

A further blow to truck capacity comes in the form of the FMCSA's new, stricter carrier entrant audit that automatically fails new carriers if they have committed any of 15 violations. In the past very few companies failed the audit. The FMCSA estimates that 47.9% of carriers that passed during the last five years would have failed under the new rules. At the current rate of 40,000 audits each year, that's 19,000 fewer motor carriers entering the market each year.

The Compliance Safety Accountability (CSA) program took effect nationwide in December, for the purpose of improving the safety of commercial fleets. CSA is transforming the carrier compliance and enforcement protocols established by the Federal Motor Carrier Safety Administration (FMCSA).

How will CSA affect shippers?

1. **Carrier qualification criteria.** If they have not already done so, logistics teams will need to adapt their carrier qualification processes to include CSA metrics. The new program includes significant changes in the measurement of carrier performance:
 - The new Safety Measurement System (SMS) emphasizes on-road performance, compared to SafeStat's reliance on out-of-service (OOS) and moving violations.
 - Instead of the four Safety Evaluation Area (SEA) categories in the SafeStat system, the CSA will divide carrier and driver safety performance data into Behavioral Analysis Safety Improvement Categories (BASICS). Data for five of these BASICS are available to the public:



IN TEST TODAY

Beginning with Minnesota and Montana in May 2009, a few new states are joining the test prior to full implementation.

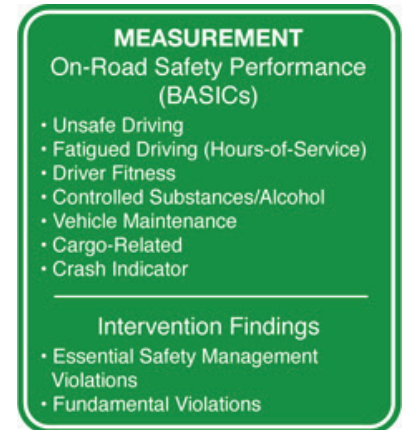
All carriers in the new states are evaluated using the CSA Safety Measurement System and are addressed using the new intervention process.

The CSA Operational Model Test completion date is June 2010, and the program is expected to be implemented in 2010.

1. Unsafe driving
2. Fatigued driving, based on Hours of Service (HOS) compliance
3. Driver fitness
4. Controlled substance or alcohol
5. Vehicle maintenance

Data have not yet been released publicly for two additional categories: improper loading of cargo – now called “cargo-related” – and crash indicators.

2. **Timing of safety evaluations.** Unlike the previous safety ratings, which could remain unchanged for years at a time, the new SMS is updated monthly.
3. **Enforcement includes progressive measures.** CSA measurement system triggers progressive interventions for any carrier whose performance falls below the required threshold on one or more of the seven BASICs. When dealing with a carrier that has one or more BASICs that require intervention, you may wish to obtain a copy of the carrier's corrective action plan.
4. **Expected shortage of capacity.** Since the new measurements will include all violations, (not just OOS violations) there has been a substantial increase in the number of carriers receiving interventions. In addition, drivers with poor BASIC scores will find it hard to gain employment. This may contribute to a shortage of drivers and impose additional constraints on carrier capacity.
5. **Compliance review process will change immediately.** When the CSA system was rolled out nationwide, the previous safety ratings of Unsatisfactory, Conditional and Satisfactory were replaced by CSA Safety Fitness Determinations (SFDs.)
6. **CarrierWatch® supports your CSA compliance.** You can rely on CarrierWatch® to integrate CSA measurements into its carrier validation, monitoring and insurance certificate solution. CarrierWatch supports your efficient, thorough carrier qualification process with business-critical data and tools, so you can move more freight. We will also continue to supply you with SafeStat data until those measurements are phased out by the FMCSA.



What is a safe carrier?

Under CSA rules the Safety Fitness Determination (SFD), determines what, if any, interventions the FMCSA will take against the carrier or driver. Once a carrier's BASICS are calculated, interventions are determined using two thresholds: the intervention threshold and the unfit (failed) threshold. The threshold is not the same for each basic. In a recent listening session the FMCSA told attendees that scores above the intervention threshold would be marked in yellow and those above the 97% mark would appear in red.



The rules for awarding the Safety Fitness Determination are:

SFD	Threshold
Continue to Operate	All BASICS must be below intervention thresholds
Marginal	Awarded if any of the BASIC scores are above the intervention level
Unfit	Awarded if the Unsafe Driving or Fatigued Driving BASICS or any two of the other BASICS are above the Unfit Threshold

Obviously, shippers and brokers should avoid using any carrier that qualifies for an “Unfit” SFD, but it is probably unrealistic to limit your business to carriers that are below the intervention threshold for all seven BASICS. Each shipper will need to decide where to set the level for acceptable performance based on business criteria. A high standard will reduce the total number of carriers you will be able to use. A lower standard will increase risk. Until more data is available, it is probably best to err on the side of caution and be prepared to change your carrier qualification policy as needed

Safety review of all current carriers

Since carrier safety evaluations may literally change overnight, we recommend that you perform a safety evaluation on all of the carriers as soon as the CSA safety data becomes available. Carriers that fail the new standards should be temporarily suspended in your carrier database until their scores improve.

Applying CSA Measurements

1. Learn all you can about the safety measurement system
2. Revise your safety standards for dispatch
3. Update your carrier qualification process (in writing)
4. Train employees on new carrier qualification process
5. Conduct a review of all current carriers and temporarily suspend those that are below par
6. Monitor the new process and make adjustments as needed

CSA Primer

CSA Safety Measurement System

BASICs

The safety measurement system groups safety related behaviors into seven Behavioral Analysis Safety Improvement Categories (BASICs). It is important to note that all violations noted during an inspection will be used, not just those resulting in an Out of Service condition. These are not tied to citations or convictions.

Unsafe Driving BASIC includes violations for following too closely, speeding, lane changing, passing and turning, careless/reckless driving and improper railroad crossing

Fatigued Driving BASIC (Hours of Service) includes violations for operating a CMV when ill, fatigued, or being out of compliance with HOS regulations regarding log books

Driver Fitness BASIC includes violations for driving without a license, multiple licenses, driving while under age or operating a CMV while unfit due to lack of training, experience or medical qualifications

Controlled Substances/Alcohol BASIC includes violations for driving while impaired due to illegal drugs or alcohol, possession of drugs and alcohol in the vehicle, consumption of alcohol within 4 hours of duty and misuse of prescription or over-the-counter medications

Vehicle Maintenance BASIC includes violations for failure to properly maintain a CMV such as improper lighting, inadequate marking, problems with brakes, tires, suspension or steering, and failure to make required repairs

INTERVENTION

Early Contact

- Warning Letter
- Carrier Access to Safety Data and Measurement
- Targeted Roadside Inspection

Investigation

- Offsite Investigation
- Onsite Investigation – Focused
- Onsite Investigation – Comprehensive

Follow-on

- Cooperative Safety Plan
- Notice of Violation
- Notice of Claim
- Operations Out-of-Service Order

Improper Loading/Cargo Securement BASIC includes violations for failing to properly prevent shifting loads, spilled or dropped cargo, overloading, unsafe handling of hazardous materials, cargo size and weight, and hazardous material handling

Crash Indicator BASIC includes all DOT recordable crashes regardless of whether they were preventable or whether the driver was found to be at fault. Crashes involving injuries or fatalities are weighted more heavily. This score is based on a comparison to other carriers and not number of accidents.

There are four basic steps in the process of calculating a carrier's performance in each BASIC:



When calculating each BASIC, the system takes into account the severity of the violation and how long ago it occurred and then normalizes the result by the number of inspections or trucks.

Severity weights range from 1 (less severe) to 10 (most severe) based on the likelihood of its causing a crash. Driver or vehicle OOS violations incur additional weight.

Time weights range from 1 (for violations between 12 and 24 months old) to 3 (for violations less than 6 months old). This places more emphasis on recent violations.

Normalization differs depending on the type of BASIC. Fatigued Driving and Driver Fitness measures are divided by the number of driver inspections. Vehicle Maintenance and Improper Loading measures are divided by the number of vehicle inspections. Unsafe Driving, Controlled Substances/Alcohol, and the Crash Indicator measures are normalized based on the number of trucks. (Note: The number of miles driven is not part of the equation.)

Percentile rankings are assigned by comparing each carrier's scores to those of its peers, and a percentile rank is assigned. Unlike SafeStat, the new SMS groups carriers into peer groups that are based on the size of their fleet. It does not separate carriers by their type. Percentiles range from 0 –100, with 100 indicating the worst performance.

CSA Interventions

The CSA intervention system is designed to alert carriers to safety problems earlier so they can be corrected before crashes occur. The CSA intervention process can be triggered by:

The type of intervention is influenced by the level of safety performance, the presence of hazardous materials and any prior intervention history. Based on the risk posed by the carrier, the interventions increase in severity and degree of interaction. Carrier interventions (listed in increasing severity) are:

1. Warning letter
2. Targeted roadside inspection
3. Off-site investigation
4. Focused on-site investigation
5. Cooperative safety plan
6. Notice of violation
7. Comprehensive on-site investigation
8. Notice of claim/settlement agreement
9. Unfit-suspension

For more information about CSA, consult these government and industry sources:

FMCSA: <http://csa2010.fmcsa.dot.gov>

TIA: <http://www.tiaadvocacy.com/index.php?ht=d/ShowFeedItems/i/345187/guid/1>

ATA: <http://www.truckline.com/AdvIssues/Safety/Pages/CSA2010.aspx>

At-a-glance comparison

SafeStat and Safety Rating System	CSA Safety Measurement System
<p>Organized into four general Safety Evaluation Areas (SEAs).</p> <ul style="list-style-type: none"> ◦ Accident ◦ Driver ◦ Vehicle ◦ Safety Management 	<p>Divided into seven “Behavioral Analysis Safety Improvement Categories” (BASICS)</p> <ul style="list-style-type: none"> ◦ Unsafe driving ◦ Fatigued driving, based on Hours of Service (HOS) compliance ◦ Driver fitness ◦ Controlled substance or alcohol ◦ Vehicle maintenance ◦ Improper loading of cargo ◦ Crash indicators (may not be available to the public)
<p>Uses only out-of-service violations and selected moving violations</p>	<p>Uses all safety-based inspection violations</p>
<p>Violations are not weighted based on relationship to crash risk</p>	<p>Violations are weighted based on relationship to crash risk</p>
<p>Has no impact on the safety rating other than to signal the need for a compliance review</p>	<p>Will directly impact the safety fitness determination of the carrier (after rulemaking process is complete)</p>
<p>Does not assess individual drivers</p>	<p>Contains two distinct safety measurement systems, one for carriers and one for commercial drivers</p>
<p>Compliance Review is an on-site, one-size-fits-all review of safety management resulting in a safety rating</p>	<p>Interventions are tailored to specific deficiencies and may include warning letters, off-site investigations, on-site investigations, cooperative safety plans, violation notices, and if necessary, Operation Out-of-Service orders</p>
<p>All carriers are considered equal in the calculation of percentiles</p>	<p>Percentiles are organized by peer group, so carriers are compared with others experiencing similar exposure to inspection</p>
<p>Safety Ratings are a direct result of a compliance review and can remain in effect for years. They have no relation to on-the-road performance by the carrier. Safety ratings awarded as part of this process are:</p> <ul style="list-style-type: none"> ◦ Satisfactory ◦ Conditional ◦ Unsatisfactory 	<p>The new Safety Fitness Determinations incorporate on-road safety performance in addition to major safety violations found as part of the investigation process. They are re-calculated every month. New SFDs are:</p> <ul style="list-style-type: none"> ◦ Continue to Operate (no interventions) ◦ Marginal (subject to interventions) ◦ Unfit (correct immediately or cease operations)

About TransCore Freight Solutions:

TransCore Freight Solutions serves brokers, carriers, owner-operators and shippers in the United States and Canada with best-in-class products. Load boards include Loadlink in Canada and TransCore 3sixty™ powered by the DAT® Network in the United States, which has set the industry standard for the spot freight marketplace since 1978. TransCore provides Keypoint® transportation software, the most popular broker logistics software, fleet compliance, distribution and intermodal services, as well as TransCore CarrierWatch™, automated carrier safety and insurance monitoring and TransCore Truckload Rate Index™ for spot and contract markets rates. TransCore's asset tracking and in-cab communications solutions feature the industry's fastest response times and state-of-the-art satellite networking.

**To learn more about
CarrierWatch®, contact us at:**

800.728.7305
TransCoreFreightSolutions.com