

PACIFIC OIL CONFERENCE

2007

Reno, Nevada





TRANSPORTATION

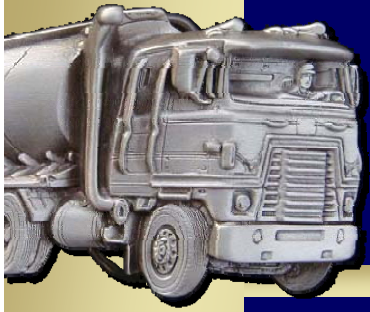
Necessary Evil or Profit Center?

Insurance Considerations

THE BOTTOM LINE

Key Issues:

1. Cost
2. Avoidance through Safety and Risk Management
3. Claims



COST TO MY BUSINESS

Average Insurance Vehicle Costs:

Metro Areas

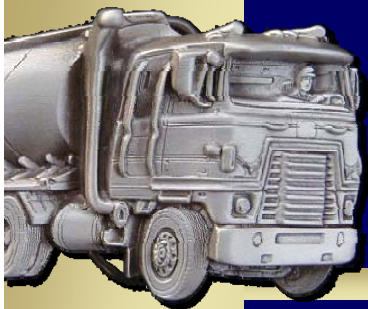
Transports - \$3-5,000

Tank Truck - \$2-3,000

Outlying Areas

Transports - \$2,500 to \$4,000

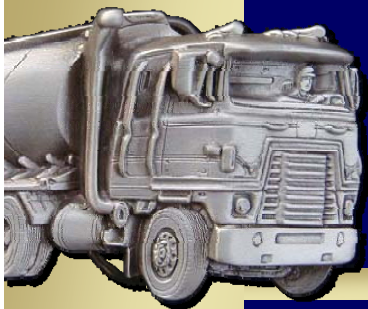
Tank Truck - \$1,500 to \$2,500



COST TO MY BUSINESS

Additional Costs:

- ✓ **Vehicle Maintenance Program**
- ✓ **Driver Training/Mentor Program**
- ✓ **Vehicle Monitor Device**
- ✓ **Safety Meetings and training**
- ✓ **Hidden Costs due to loss**

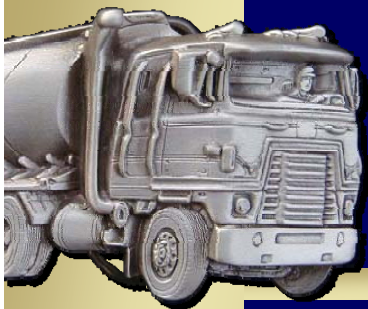


COST TO MY BUSINESS

**MY COMPANY JUST
HAD A MAJOR LOSS!**



**What is the impact on
my insurance costs?**



COST TO MY BUSINESS

Hidden Costs to Consider:

- **Costs to hire and train new employee**
- **Cost of production down-time**
- **Loss of use (vehicle)**
- **Loss of product**
- **Cost of decreased employee morale**
- **Loss of customers due to bad PR**
- **Increased insurance premiums**

AVOIDANCE

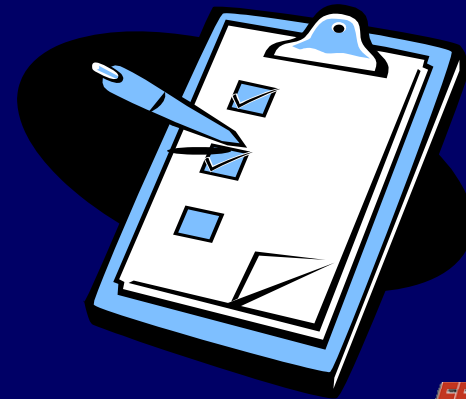
CORPORATE CULTURE

What is the **culture** within your organization and the attitude toward safety and risk management? Who is in charge?

AVOIDANCE

PRACTICES / PROCEDURES

What practices and procedures do you have in place for accident prevention?



AVOIDANCE

Practices/Procedures:

- Hiring process
- MVR/drug testing
- Ongoing training
- Other standardized practices
- Emergency preparedness

AVOIDANCE

CONTINUOUS EDUCATION

Ongoing education through safety seminars and association involvement / interaction.



AVOIDANCE

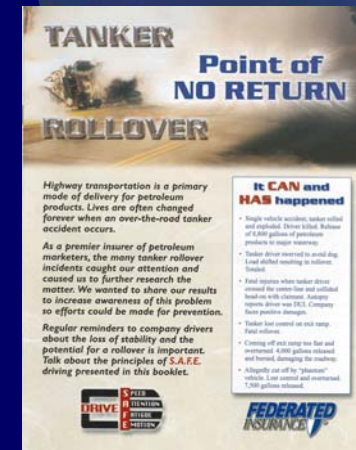
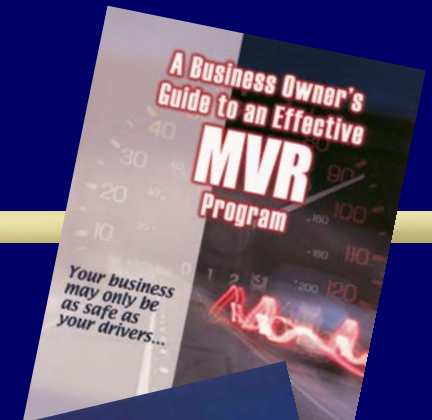
Ongoing Education:

- Driver Training with a formal “mentor” program.
- Start small earn tall!
Tank truck before transport
- Emergency preparedness
- Monthly Safety Meetings
- 3rd Party training (PD, FD, etc.)

AVOIDANCE

Federated's Support:

- Hiring practices
- MVR/Rollover training
- Distracted driving
- Risk Consultants
- Haz Mat DVD



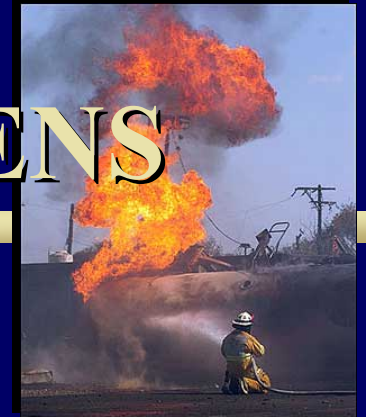
THE ACCIDENT HAPPENS



What happens:

- Contact w/ insurance company
- Claims is on the ground
- Site control
- Employee procedures?
- What is my coverage?

THE ACCIDENT HAPPENS



What is my coverage?

- What are my limits?
- Umbrella coverage?
- Loading/unloading
- State coverage – limitations
- Environmental

THE ACCIDENT HAPPENS



Federated has you covered!

- Experience/expertise
- Specialized coverage
- Knowledgeable support
- Options
- Association partnership

THE BOTTOM LINE

Running trucking operations can be either a **revenue generator** or a **major expense**.

Ultimate profitability hinges on the way you **manage** your exposure.

THE BOTTOM LINE

Things to consider:

- Evaluate your current practices and procedures. What's the culture?
- Continuous education and training.
- Monthly maintenance schedule
- A formal driver/mentor program for two years. Start small, earn tall!



THANK YOU!

POC 2007

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