

THE TURNER & HAMRICK EXPRESS



Turner & Hamrick, LLC

P.O. Box 985
440 U.S. Hwy 231 North
Troy, AL 36081
www.turnerhamrick.com
P: 334-566-7665
F: 334-566-7215

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Turner and Hamrick, LLC is an Independent Insurance Agency serving Alabama and the southeastern United States. Protecting you and your business is our only focus. Enjoy the expertise, commitment, and professionalism that assures you will receive not only the best premiums, but also the finest service throughout your policy year.

Proposed Hours of Service Regulation changes, etc.

In late December while everyone was enjoying the holidays, FMCSA announced that it would be proposing changes to the hours of service rules that are currently in place. To give you a summary on what may be expected in a forthcoming rule to publish this summer, see the recap below:

- The proposed rule would limit drivers to either 10 or 11 hours of driving time following a period of at least 10 consecutive hours off duty. FMCSA is considering both limits.
- It would limit the standard "driving window" to 14 hours, while allowing that number to be extended to 16 hours twice a week.
- Actual duty time within the driving window would be limited to 13 hours.
- The Drivers would be permitted to drive only if 7 hours or less have passed since their last off-duty or sleeper-berth period of at least 30 minutes.
- The 34-hour restart would be retained, subject to certain limits: the restart would have to include two periods between midnight and 6 a.m. and could be started no sooner than 168 hours (7 days) after the beginning of the previously designated restart. The definition of "on duty" would be revised to allow some time spent in or on the CMV to be logged as off duty.

The American Trucking Association and its state agency counterparts are becoming vocal against further changes and complication to the current rules, arguing that they have yielded the industry's safest years on record. While we have experience the safest years

since records were kept, this is not fully the result of "working" hours of service rules. The economic slowdown, lower freight volume levels nationally and therefore fewer trucks on the road during the past 2 years definitely didn't hurt the stats either. The driving jobs that were left were filled by the safest drivers in the industry, and the marginally safe drivers sat around unemployed. I think the truth is that both regulatory and economic forces were factors, but that the economic impacts had the larger impact.

If you are interested in commenting on the currently proposed rule, for or against, you should visit SafeDriver-Hours.com, a chart is provided to compare the current rule to the rules as outlined in the current proposal. Instructions regarding how to comment on the FMCSA proposal are also found at this site.

Additionally, I anticipate that the trucking industry as a whole will be required by law to equip all commercial vehicles with on-board recording devices that will permanently replace a logbook prepared by a driver. This will likely occur in the next 18 months, and may transition the industry in sectors to ease implementation. It is anticipated that passenger and hazardous materials transporters will be the first to move to this standard, and that the move may start later this year. The implementation of this requirement may be interwoven into the hours of service rules that are forthcoming after the aforementioned comment period is complete. In advance of an industry-wide requirement to use on-board recorders, be aware that the Federal Motor Carrier Safety Administration (FMCSA) is actively requiring certain carriers to move to on-board recorders NOW. If FMCSA

conducts an audit on a company that is found to have high log violation rates currently, they are requiring those companies to move to on-board recorders as a condition of continued motor carrier operations. This is a significant enforcement change to how FMCSA does business.

A final expectation is that newly published hours of service rules will likely re-define what constitutes a supporting document to a driver's log. Currently there is lack of clarity on the matter as a matter of regulatory standard and interpretation. In many cases, for instance, the argument can be made firmly today that a motor carrier has no legal obligation under the FMCSRs to verify GPS records (Qualcomm, etc) against driver logs. This is because those records may not meet the current FMCSA supporting document standard, depending on how the carrier utilizes and maintains that data as part of their normal course of business. I find that very few people in the industry understand this issue clearly, including other FMCSA consultants. The fact that a fleet has access to GPS records and could use them does not make them a supporting document to the log. If FMCSA auditors specifically ask for these documents to be provided to them during audits, it likewise doesn't change a carrier's obligation to verify logs against the records as the rule stands currently. The standard will likely be expanded and clarified to obligate the carrier to use such data to verify accuracy of logbook entries moving forward.

Lane S. VanIngen, President
Transportation Safety Services

Trucking Rates Forecast to Roll Higher

Trucking firms are expected to capture their biggest rate increases in years in 2011, adding another threat to growing inflation worries.

Analyst Benjamin Hartford of research firm R.W. Baird estimates rates will rise 5%, the most since 2005. After falling from 2007 to 2009, truck rates edged up 2% last year, he says, and could surge in coming weeks in advance of Easter retail sales.

Driving the rebound: an intensifying recovery combined with soaring diesel cost, stricter safety regulations, and tighter capacity.

“By the second half, shippers will be willing to pay premiums,” says Tommy Hodges, chairman of Titan Transfer, a carrier in Shelbyville, Tenn.

The latest contribution to higher rates is rising oil prices stroked by turmoil in the Middle East. That’s helped push diesel prices up about 20% since September. Other factors:

Tighter capacity. In December, the government began publicizing the safety ratings of trucking firms under tougher inspections that took effect about a year ago. As a result, many businesses have shied away from using carriers that got warnings, even though they operate safely, says Tom Sanderson, CEO of Transplace, which manages freight delivery for businesses.

Sanderson says the new rating will drive some carriers out of business and reduce fleets 5% to 10% in the next couple of years. That would worsen a 15% drop in trucking capacity the past four years, Hartford says, after thousands of carriers shut down the recession.

Higher equipment cost. Truck prices have jumped 25% the past five years, Hartford says. Like many carriers, Mike Card, president of Combined Transport in Central Point, Ore., put off replacing aging vehicles in the downturn, but bought 60 trucks this year, up from 20 in 2010.

Restrictions on driver hours. Proposed new rules would limit the number of hours drivers can work, forcing carriers to hire more drivers and buy more trucks even amid a looming driver shortage.

For retailers, rising freight cost “obviously put a strain on things,” says Jon Gold, vice president of National Retail Federation. Gold says “it’s too early to say” if retailers would pass the increased delivery costs to customers.

Hartford says consumers eventually would feel the effects. Delivery costs are a small portion of the retail price for most products.

Yet, higher costs for commodities such as food and cotton are lifting wholesale prices, and some retailers say they’ll be passed to consumers. Many economists predict a 2.5% inflation rate in 2011, the highest since 2008.

By Paul Davidson, USA TODAY

FMCSA CARGO FILING CHANGE...

The elimination of the FMCSA Cargo Filing, also known as the BMC 34, is effective March 21, 2011 for the classification of “General Freight Common Carrier” with the FMCSA.

This FMCSA ruling only applies to the “General Freight” classification; “Household Goods” carriers must continue to maintain a cargo filing with the FMCSA. No actions are required on behalf of insurance companies to cancel these filings; the ruling addresses the cancellation.

Cargo filings required by State Regulatory Bodies are not impacted by this ruling. All state cargo filings will remain in effect. State specific filings will continue to be required when and where appropriate to the operation of specific trucking companies.

KEY EMPLOYEE: FAYE MAULDEN

Turner & Hamrick would like to congratulate Ms. Faye Maulden as being selected as key employee of the Quarter.

Ms. Maulden has been an employee as Controller of Turner & Hamrick, LLC since November, 2003.

Faye is a 1990 Cum Laude graduate of Troy University with a Bachelor of Science degree.

Before being employed at Turner & Hamrick, Ms. Maulden was accounting manager of

Media General in Dothan, controller of HCC, Inc. of Montgomery and controller of Palomar Insurance Corporation of Montgomery.

Faye lives in Enterprises and when she is not busy working, she enjoys spending time with her three children and five grandchildren.

Thanks, again Faye for all your hard work and dedication.



CLIENT SPOTLIGHT: Steve Cagle Trucking Company



Turner & Hamrick LLC would like to congratulate Steve Cagle Trucking Company for being selected as client spotlight. Steve Cagle Trucking Company officially began 25 years ago when Steve, then an owner operator, filed for and received his own authority. For the nine years prior, Steve had been running under borrowed authority to test the waters. "I guess if you can survive an oil embargo and double digit interest rates you have what it takes to make it on your own," says Steve. So, from a one man show began the slow and steady growth that has lead to the eighteen employee team that is known as Steve Cagle Trucking Company today.

This team is made up of several long-time employees like Bob Chandler, who has been trucking with Steve since 1989. Steve's two sons have also joined the team. Walker came onboard in 1996 after obtaining a degree from Auburn University in Transportation and Physical Distribution. He is now the Operations Manager. Will Cagle, who joined in 2001, also followed Steve and Walker's path through Auburn and is currently in charge of maintenance on the company's twelve power units and numerous trailers which are often rented for temperature controlled storage units.

Steve Cagle Trucking specializes in the transportation of temperature sensitive products. They operate in all 48 states but call the Southeastern states home. They try to operate in a manner that lets drivers come home each weekend to maintain a balanced life. Steve says, "To stay in the game this long, you have to be able to balance work time and play time. You also have to have a true dedication to doing things the right way." There have been a lot of changes in trucking since the first Cagle truck was hauling potatoes out of Wisconsin in the 1970's, but a keen eye on safety has always been a part of Cagle's plan. "If you operate a safe company, you will find yourself operating a company that has staying power," Steve believes.

Turner & Hamrick thanks Steve Cagle Trucking for their business and commitment to safety and service.

Turner & Hamrick LLC

P.O. Box 985
Troy, AL 36081



OUR STAFF

- Bill Hamrick, President (bhamrick@t-hllc.com)
- Cheney Haugabook, Agent (chaugabook@t-hllc.com)
- Matt Vaughan, Agent (mvaughan@t-hllc.com)
- Steve Hewitt, Agent (turnerhamrick@gulftel.com)
- Porter Reaves, Agent / Marketing (preaves@t-hllc.com)
- Claude Chambers, Agent / Marketing (cchambers@t-hllc.com)
- Brett Carlisle, Agent (bcarlisle@t-hllc.com)
- Shirley Warrick, Marketing (swarrick@t-hllc.com)
- Toni Jones, Marketing (tjones@t-hllc.com)
- Shannon Floyd, CSR (sfloyd@t-hllc.com)
- Lynn Jacques, CSR (ljacques@t-hllc.com)
- Eva Green, CSR Assistant (egreen@t-hllc.com)
- Mary Beth Sanders, CSR (marybethsanders@t-hllc.com)
- Jim Harrell, Claims (jimharrell@t-hllc.com)
- Faye Maulden, Finance Manager (fmaulden@t-hllc.com)