

Truck Insurance Q & As... Fiction or Fact



TruckSure
By Philip Toohill

As a Trucking Company operator your customers rely on you to deliver the goods – that is what you do best... Right?

But to keep the wheels turning you must run a profitable operation. Trucks off the road in the repair shop or poorly maintained cannot provide you with a return.

From time to time there is a temptation to take shortcuts with the vast range of expenses that you are faced with and when cashflow slows or dries up. This often leads to misconceptions and invariably one of the first items on the budget to be pushed back for payment is insurance.

A bad mistake as untimely cancellation or non payment can see the end of your business.

There are other options.

To help you get a clear handle on some of these options we have put together some of the questions that arise and a simple response that might be of use to you if you are faced with a similar budgetary situation.

Q: If cashflow for my business is tight, there's probably nothing much I can do to lower insurance costs?

A: There are a couple of options to look at.

First, request a policy review from your broker to make sure your truck or fleet values are accurate. At TruckSure we have found that almost every review carried out for new clients has revealed that fleet values are significantly overstated.

A 20% overstatement of your values means you could be paying 20% more on your premiums!

Secondly, negotiate your premium payment plans – some brokers do not seek the best options or they may just accept the interest rate quoted. Query the interest rate. There is a 2% to 3% differentiation between premium funders. Also, make sure your monthly premium instalment is deducted from your bank on a date that works with your incoming freight receipts – our favoured date is 25th of the month.

Final point – excesses. We have clients who have taken voluntary excesses of \$10,000 and up to \$50,000. We know of at least one major fleet that runs an excess of \$100,000. The corresponding premium discounts will run between 15% to as much as 50% or more.

So consider a fleet value review and \$10,000 excess and you could immediately see a saving of 35% off your insurance bill.

Q: When my trucks are out of use or in storage, should I cancel the insurance? There's no need to insure my truck if it isn't on the road.

A: No you should not cancel your insurance. You still run the risks of fire, vandalism, storm or earthquake, etc when laid up at the depot or yard. Consider moving to storage or 'no commercial use' coverage during temporary down time – a likely 33% premium reduction. This will protect your truck while also keeping continuous coverage, which can keep your overall insurance bill lower by not having stop start insurance.

Q: When it comes to my truck, if it ain't broke, then I shouldn't fix it?

A: How wrong is that! Regularly maintaining your truck is a very proactive approach to keeping your insurance premiums low. To put it in terms of dollars and cents, a pattern of equipment failures will ultimately put you off the road – and I am talking about upside down in a ditch. The routine maintenance pays off long-term in every way not just premium savings but consider down time and excesses and of course driver safety and your record with the boys at the CVIU.

Q: Do all insurance companies handle their own claims with employed claims assessors and is there any savings either way?

A: Some insurance companies use contract claims assessors, investigators or adjustors and some use in-house staff. Check if your insurer has representatives specially trained to handle commercial trucking claims. Best to ask your broker if they and their recommended insurers are transport specialists and make sure your broker also has in-house claims management. The better your claims service is, the quicker you'll be back on the road and that is the big saving!

Q: The economy is rough, so should I consider cancelling my coverage altogether or at least drop the cover to Third Party Only, just until profits rebound?

A: Don't do it. Here's why:

I can't remember the last client on the books at TruckSure who was finance free on their vehicle fleet. Certainly the majority of fleets and individual trucks appear to be financed through a bank or finance company. Your finance company will be around like a shot to pick up your trucks if you do not run full and continuous insurance.

Besides this you would have to ask yourself if it was time to shut up shop if you even considered that dropping your insurance to be a viable option. Better off reverting to the very first question – do your fleet value review and take on a meaningful excess to secure big premium savings.

At TruckSure we are regularly asked questions on a number of insurance related matters from our own clients and transport operators in general.

We are happy to respond and any interesting and relevant future Q & As will form another article, so please feel free to throw a couple of curly ones our way and we will be happy to contribute further pearls of wisdom – even if we have to outsource the answers!

This is the last article for the year!!!!!!!

So the brokers and staff at TruckSure wish you all a safe and happy Christmas break.

See you all next year.



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