

Truckers need life insurance too!!



TruckSure
By Trevor Toohill

Did you know?

40% of New Zealanders would be forced to sell their home if the main income earner in the family died or was permanently disabled due to a serious accident or illness. A sacrifice of the great Kiwi dream that they have worked towards their whole life.

No one sector of the community is exempt from this statement because the statistics prove that over one third of the general population is either under insured or holds no insurance to cover their life, disablement or income.

Truck drivers have a dangerous job to perform and yet the transport industry is even more poorly represented in these stats than these averages.

All too often we visit clients for the annual review and all the boxes get ticked for insuring the trucks and trailers, depot, liability and carriers risks, but come time to talk about the most important asset to protect – themselves, with life and income insurance – we just get shut down. Move on, talk about something else. Don't discuss reality. Death and disablement is scary stuff!

But do you know what – what is even scarier is that it usually comes down to cost.....and truckies watch every dollar going out, sometimes just to make ends meet.

The thing is - what are the priorities?

What is the point of being in business if you cannot cover every risk and contingency?

The bigger the loans the bigger the risk!

Most owner operators get a leg into the business by gearing their truck purchase against their home. They may also rely on family members to help out with the deposits.

So you have a situation where all too often there is a mortgage on the home, hire purchase or lease on the truck and trailer and mum and dad may even have borrowed on their home to assist.

The bank and finance company ask for proof of insurance on the truck and trailer but very seldom ask for life insurance to cover the loan.

Something happens to you and the first thing the bank does is call in the loans – no insurance!!!

The truck gets repossessed and sold and the bank wants their money back – mum and dad are so far down the line that they lose out too. Not just the trauma but also the drama.

The wife and kids are in an even worse situation – no dad, no money coming in and no house.

This is pretty hard to write about and even harder to read – but this is real life and the stats don't lie.

So easy to change!

When the budget is put together for the business talk to your accountant, lawyer, and insurance adviser.

Get the right advice and include all contingencies in your business plan.

I know some of you are saying, "what business plan" and I know that a lot of owner operators have commenced business on the smell of an oily rag and wouldn't know what a business plan looked like.

These days, if you want your operation to succeed you have to be professional and that does not just mean the way you drive – you have to run your truck as a business.

Insurance is a component of cost and part of insurance is the protection of the key asset – that is the driver not the truck.

You will be very surprised at how little the cost of this vital insurance is compared to your total operating expense.

So I am suggesting a change in the priorities when putting your budget together.

Include life and income insurance before you commit to large loans and getting your truck on the road only half prepared.

How much Life Insurance is enough?

Of course if you're going to buy life insurance it's important to make sure you've got enough.

But, how much cover is enough?

Your broker may suggest you need enough insurance to replace five to seven years of your salary. They may also say that if you have young children or significant debt, you should bump up your coverage so you have enough to replace as much as 10 years of your salary. That means a person making \$50,000 a year should have anywhere from \$250,000 to \$500,000 worth of cover or more.

In addition the mortgage and truck loans should be included.

It is not unusual for coverage to be provided up to \$1mill.

Whilst that may sound like a lot of money, remember, most people want enough life insurance to make sure their family can continue to live their current lifestyle even if the main income earner dies.

Here are some questions to consider when deciding how much insurance you may need:

- How much money will be needed for your final expenses and liabilities?
- How much financial support will your family need?
- How long will they need this level of financial support?
- How much have you borrowed - mortgage and truck loans?

Plenty to think about and this is a subject nobody really wants to talk about, but somebody has to as the stats don't lie – most drivers don't have the insurance that matters.

The bottom line is - buy insurance, and then buy enough to do the right job.

Need to discuss? The brokers at TruckSure are happy to talk. www.trucksure.co.nz ☎



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