

Truckers – In a Sticky Situation



TruckSure
By Trevor Toohill

Back in March this year the newspapers ran a story about an accident that occurred in Whangarei and it made me think about all of the actions required to deal with this accident and the scene.

Likewise the various policy conditions and extensions that kick in to action to handle the damages and resulting claim. It is no longer a case of just claiming for the damage and repairs to the truck. It goes much further as mentioned in last month's article 'Not Just the Truck.'

The incident and article reads -

Glue leaks onto SH1 south of Whangarei

"Police are warning drivers on State Highway 1 south of Whangarei to take care after glue leaked onto the road following a truck crash.

A couple of truck drivers found themselves in a sticky situation after glue leaked onto State Highway 1, south of Whangarei, following an early morning crash.

Police say one of the trucks involved in the collision on Friday morning was carrying 14,000 litres of glue, some of which leaked onto the road, making conditions very slippery. It could take several hours for the glue to be cleaned up. Drivers are being warned to slow down, take care, and expect delays."

So let us dissect this incident at have a look at the various claims that the assessors and insurers have to get their heads around to satisfy all affected parties.

I am going to assume the transport operators had brokers that understand trucking and all policy sections were operative and all available extensions were in place.

No mention was made in the press in respect to fault or damage to the other truck so I will generalise and for the sake of this article assume that the truck carrying the glue was at fault – my apologies in advance if it was the other way around.

Commercial Motor Own Damage (Section One)

Pretty straight forward you would think – get the vehicle to the repairer and get it back on the road ASAP.

Sure but what about salvage, cleanup up, loss of use and excess recovery.

Getting the truck sorted and hauled to the repairer is the first step. Generally the salvage operators will also attend to the site clean up – specifically in respect to the vehicle, not the load.

Once repairs are authorised they need to make sure that the Loss of Use extension kicks in to do its job. During the repair period they will be able to hire a replacement truck and trailer to ensure they are back in business – first 7 days excluded and usually up to 12 weeks coverage.

Excess recovery is the final step in the process – we have assumed that the glue carrier was at fault. In this case their insurer will not be able to seek recovery of all expenses associated with the claim from the insurer of the other truck. It will be the opposite and they can expect to receive a demand from the other party.

OK you are probably thinking that's it but what about the load?

In this case a hell of a mess and a cargo that can't just be swept away or hosed down.

We are talking here about a specialty Hazardous Materials Unit having to deal to 14,000 litres of glue!!!!

Who pays that bill?

Hazmat inspectors, CVIU, Fire Service, local and regional council officers to deal with, and most likely issues already surfacing in respect to Health and Safety along with Resource Management.

So not just a ding to the truck, eh?

Commercial Motor Third Party (Section Two)

This section of the policy is going to take a bit of a hammering!

Damage to the road surface and surrounds, damage to the other truck and their cargo along with recovery of their policy excess and Loss of Use payment.

Additionally there will be a shared cost in respect to the extensive clean up. This will be apportioned between the truck insurer and the insurer holding the Carriers Liability policy – and it won't be cheap.

Standard Motor & Carriers Policies often have relatively small limits for 'clean-up' costs ranging from as little as \$5,000 up to \$20,000, if clients carry unusual loads and especially liquids we would increase these limits as much as 'practically' possible. For example one of our clients has \$50,000 via Motor Policy and \$250,000 via Carriers Policy.

Public Liability

It is very unlikely any claim will be processed under the Public Liability policy as this contract specifically excludes motor vehicles – hence the Section Two cover in the motor policy.

Carriers Liability

Yes another policy that will take a hit. Loss of load, recovery of balance of undamaged goods, salvage and clean up of the spilled glue.

The unit of goods for most liquid transports is usually by the litre so I would expect a full load claim to come in from the shipper.

Employers and Statutory Liability

Depending on circumstances and also the toxicity of the product there could be scrutiny under OSH and Resource Management.

Either could trigger a claim under these policies.

Well as you can see it is 'not just the truck' and even a straight forward ding can turn into a nightmare.

A \$50,000 repair bill to the truck is probably just the tip of the iceberg with a couple of hundred thousand dollars behind the scene added when you take into account the third party damage, clean up costs, salvage and lost load.

Make sure you have a specialist transport broker on your team and one that has in house claims management staff to help walk you through all of the claims issues that you could face.

If in doubt about any insurance issues or policy extensions the team at TruckSure are happy to have a chat – www.trucksure.co.nz



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