

Truck Insurance

Who's shopping around?



TruckSure

By Trevor Toohill

At TruckSure we are getting asked increasingly to quote on new clients who feel that their insurance bill is too high. They may not have had the same issue a few years ago but recently they are asking the question.....

"I am experiencing big increases in my insurance premiums. Why is this happening and what can I do about it?"

Like all commodities, insurance is subject to the laws of supply and demand. Cost is determined as much by the risk associated with your business as it is by capacity and competition within the insurance industry.

Over the last decade the world experienced a 'soft' insurance market because capacity was readily available. Attracted by impressive gains in the stock markets, insurers competed heavily for any risks they could insure. This put pressure on them to offer broader coverage and lower their premiums.

But as a consequence, the premiums they charged were insufficient to pay claims. This caused loss ratios to blow out and exceed acceptable levels by a wide margin.

The result has meant the departure of a number of insurance companies from the market, an increase in premiums and excesses, and a restriction in the coverage available. Add to this mixture the world extreme weather events and earthquakes and all of a sudden the men in dark suits behind the scenes (the re-insurers) start flexing their muscles and dictate new terms.

We have also had our fair share of adverse events right here in little old New Zealand – weather, floods, droughts, earthquakes, mining disasters and the finance company sector collapses.

As a transport operator you are probably thinking that all this has absolutely nothing to do with you – your business is trucks and they have not been affected by any of these events! Well you are right. Not many trucks suffered directly as a result of these events, but all insurance is purchased in the same re-insurance pot and there is a huge deficit for the insurers to make up.

Add one additional factor to the mix – the loss ratio of your industry, transport, and something has to give. Trucks have been in the news increasingly over the last couple of years and mostly for the wrong reasons – accidents.

Few, if any, insurance companies are making underwriting profits at the present time and even here in NZ we have had one specialist transport insurer (NTI) pack up its bags and close up shop. There is no doubt that we have been progressing towards a 'hard' market now for some time.

But for you as an individual insurance buyer it is not necessarily all bad news – you can take a number of simple steps to reduce your premiums.

These may include:

Find a specialist broker who understands transport and trucking, and your operation. They are in the best position to find an insurer most suited to you.

Conduct a thorough review of your current insurance program. Pay special attention to the scope of the cover and how applicable it is to your operation. Make a note of all the policy exclusions and excesses.

Undertake a complete assessment of your full transport operation. Keep in mind questions such as: What makes you a better risk than other operators looking for the same insurance cover? Record the positive and do something about the negative aspects of your operation.

Check that your broker has used an insurer who knows transport backwards. The size of the insurance company is not as important as its specialty. Be certain that your insurer provides a cover that is specifically tailored to your operation.

Establish a risk management program. There is a direct correlation between your premiums and the scope of your cover. Factors such as your sum insured and deductible impact directly the cost of your insurance. Decide carefully the amount and risk you are willing to retain, the amount you wish to insure, and the risks that others will assume.

Establish a loss prevention program. Assess your vulnerabilities and take specific steps to address them. Record corrective measures when an incident takes place.

Establish a relationship with your broker. Get to know your broker and their key staff personally and let them know your operation intimately. Your goal is to make them feel completely knowledgeable about you and your company and comfortable in insuring your operation.

Embrace technology and budget to adopt as many devices as it takes to keep a tight rein on all aspects of your business.

Install a healthy driver regime. Healthy drivers are safe drivers and safe drivers bring home the truck in one piece.

Despite everything I have said above, claims have still the greatest impact on premium.

If you feel that you are paying too much for your insurance or if you just need a check quote then a TruckSure broker is always happy to assist – www.trucksure.co.nz 



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