

Truckers – is your insurance program chrome plated or just tin foiled?



TruckSure

By Trevor Toohill

If you're an owner-operator you already know the routine, because it happens every year; you sit down with your broker, select a company to insure your truck, settle on coverage that seems to meet your needs, and pay the premium that guarantees coverage.

But have you done your homework before buying the insurance? In an ideal world we all would. But the trucker's world includes little spare time. So take a couple of minutes right now to review the following points on buying truck insurance.

Which insurance company and broker is right for you?

Companies that insure transport operators are not all created equal. Some insurers only deal with insurance brokers, others through their own sales staff or internet direct. Some specialise in commercial truck insurance, while others sell it as one of a secondary line of coverages they offer. Some companies and brokers specialise in specific niches within the transport industry, such as large fleets, temperature-controlled equipment, or owner-operators. Some cover thousands of small customers, while others only handle a few big ones.

This level of specialisation suggests your first insurance-buying decision: Buy from a broker and insurer that both specialise in truck insurance. Why? Because non-specialists too often overlook specialised details. For example, a non-specialist might not know that owner-operators who haul a trailer they don't own need to have Trailer in Control cover, or something as simple as Loss of Use cover can be simply overlooked. A specialist would know to ask whether you need these covers and would recommend a policy that provides it at a price an owner-operator can afford.

It's not just about the cover – what about the claim? Specialists and non-specialists differ greatly in the way they investigate and verify claims. Specialists understand that when your truck is out of service, you're closed for business.

Once you've identified your specialist broker and insurer, compare how each scores on these "Five Fundamentals":

- Experience: How long have they been in business, and how long have they specialised in truck insurance?
- Financial strength: Does the insurer have a strong financial strength rating and claims reserves?
- Coverage: What kinds of contingencies and damages are covered by the basic policies? Do these policies offer options that could be adapted to your needs?
- Cost: What is the cost of basic coverage? What is the cost of additional coverage and optional extras?
- Value: What is the total value in time, money, and convenience of the products and services provided? Are their claim procedures easy to follow? Are their employees knowledgeable, helpful, and accessible? Do they respond promptly when you need help? Do they provide skilled assistance in reducing accidents? If so, are there additional charges for such assistance?

Placing a total value on the policy and your relationship with your broker and insurer takes some effort, but you owe it to yourself to take the time so you can get the best value for your money.

Price: It's not as simple as it looks

Normally, when we buy a product we look for the lowest price – if all other things are equal, we take it. The problem with that approach to buying truck insurance is that it can be hard for the trucker to tell whether "all other things" are, in fact, equal.

- Carefully examine any policy that appears to be substantially lower in cost than those offered by competing companies. Compare not just the prices, but the terms, conditions, and extent of coverage. A

low price may mean that you're buying less coverage, but the policy language may not be clear about just which benefits you're giving up in order to save costs.

- Be aware, too, that insurers differ about how they adjust pricing to attract business. Some companies will use price cuts to get business particularly in a "soft market" – some companies will cut prices drastically to build immediate cash flow, only to then impose steep premium increases when the claims roll in.
- Always remember when it comes to truck insurance premiums, the old saying still applies: if it sounds too good to be true, it probably is.

Cost

Insurance is an intangible product. You sign the application form, then sign the cheque and hand it to the broker – and you get only a promise in return. Of course, as insurance people will tell you, you've bought "peace of mind". But your premium ought to buy you more than that – it ought to buy you superior service. If not, you may find the cost of managing your relationship with your broker and insurance company just as expensive as the coverage itself.

Consider, for example, the time and effort you'll spend complying with the insurance company's policy conditions. A policy that appears cheap may turn out to be expensive once you calculate the time on the phone for a simple answer, or time lost because the company failed to send proof-of-insurance to your bank or finance company or the principal you contract with. Can you obtain a claims history on your account, or correct an error in a document, or add and delete items easily? Is the claims process simple and thorough, or does it rob you of precious driving or rest time getting shuffled from desk to desk? "Low-priced" insurance policies carry hidden cost penalties that do not become apparent until you file a claim, request documentation or ask for assistance from a budget or low cost company.

The hidden factor in cutting costs: you

Owner-operators cannot afford to self-insure. Insurance is a must. The cost of an insurance program can vary widely – anywhere from \$5,000 to \$20,000 per year, depending on your age, the type of vehicle you're driving, distance travelled, and the type and range of commodities you expect to haul during the policy term.


One of the most critical factors in determining your premiums, however, is your driving record. That means that minimising losses is the single best way for you to keep your premiums down. Different insurers treat driving records differently, so before you choose an insurer, ask each company how much credit you will receive when you reduce losses or continue loss-free – the "no claim bonus".

Insurers can base premiums on various criteria, but the rate you end up with under any schedule of discounts is basically dictated by your driving history – licence and claims.

Insurance people see themselves as "selling peace of mind". And, while that may sound like a cliché, it's true – and it's important. Although nothing tangible changes hands when you sign the policy and turn over your cheque, something dramatic happens nevertheless: you're free of worry. If you should have an accident, you're covered.

And if you've bought the right policy from the right company, you have something else as well – the satisfaction of knowing that even if you never have an accident, your broker and your insurance company will be there with the information, services, documents, and answers you need, whenever you need them.

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