



TruckSure By Trevor Toohill

INSURANCE

TRUCK VS. BRIDGE = \$US358 MILLION

'On 26th August, 2004, a car collided with a tanker truck containing 32,000 litres of fuel on the Wiehltal Bridge in Germany. The tanker crashed through the guardrail and fell 30 meters off the A4 Autobahn resulting in a huge explosion and fire which destroyed the load-bearing ability of the bridge. Temporary repairs cost \$40 million and the cost to replace the bridge was estimated at \$318 Million.'

This month I wanted to cover **Liability Insurance** and this headline caught my eye as I was surfing the net looking for something relevant to talk about. It is an attention grabber but that is exactly what I needed.

Very few transport and fleet operators have anything other than a fundamentally basic knowledge of the complexities of Liability Insurance. You go through your annual review with your broker and typically run down the checklist – current vehicle values, annual turnover, staff numbers, material changes to circumstances since last review, etc, etc. The answers are probably given to your broker on auto pilot – because that is what you have been doing for years, but do you understand why the questions are asked and the implications of the answers given?

You have an intimate knowledge of your fleet and other assets but what about the potentially crippling affects that a serious claim for liability could have on your business if you have not taken the right steps to place correct insurance.

TruckSure has a statement on one of its advertising brochures – 'What is more damaging to your business – an accident or the wrong insurance?'

How true is this statement?

Consider this question – If the tanker operator was to blame for the accident mentioned above, which policy would be claimed against when the dust settled – the Motor Policy or the Public Liability Policy?

The typically overwhelming response may appear logical – Motor Insurance for damage to the tanker, salvage and cleanup costs. Public Liability for the resultant damage to the bridge, and of course Carriers Liability for the loss of the freight carried.

Hmmmmm, well you could be forgiven for thinking this bearing in mind that most of the large freighting companies insist that their owner drivers have maximum **Public Liability** cover and they usually insist that the minimum limit of liability be set at \$10,000,000. Their insistence here may indicate that they consider exposure

for liability under the public liability policy is the greater risk. In fact they should be asking for a copy of the Motor Vehicle Policy and they will see that Section 2 of the policy usually has a limit of liability ranging between \$5 million and \$10 million as a standard sum insured.

If the above accident was to occur in New Zealand then not \$1 would be paid under the Public Liability policy towards this accident – you see, Public Liability Insurance policies specifically exclude liability owing to the use of a registered motor vehicle.

So what would happen in this instance is:

- 1/ The Motor policy would cover the loss of the tanker along with the salvage of the wreck and cleanup costs in respect to the vehicle.
- 2/ The Motor policy would cover up to the limit of Section 2 for the liability arising out of the damage to the bridge.
- 3/ The Carriers Liability policy would receive the claim for loss of freight up to the limit by law of \$1500 per unit of goods. This policy would also process the claim for site cleanup in respect to the damage and site contamination caused by the fuel. The standard limit usually provided under this contract for cleanup is \$10,000.
- 4/ Additional claims would be likely under Statutory Fines and Penalties cover for contamination and perhaps OSH.

You have to trust that we do not see such an incident occur here in NZ but very obviously you need to have the right covers in place to lessen the impact of such a catastrophic event on your business. Talk to your broker or talk to TruckSure.

On a final point to finish on I want to make a mention of the importance of having the right cover and appropriate sum insured to cover cleanup costs following an accident.

It is standard issue by most brokers to run with a policy limit of \$10,000 to cover this contingency. However, recent serious accidents where trucks have left the road fully laden and deposited their freight down embankments and into lakes and waterways, highlight the need for a significant increase in cleanup costs cover.

The views expressed above are my own and as usual I am happy to receive critique or comment by email trevor@trucksure.co.nz or view our website www.trucksure.org.nz. Responses may be placed and viewed on my blog site www.trevortoothill.blogspot.com 



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TruckSure

'You sit behind the wheel – we stand behind the truck'