TruckSure By Trevor Toohill

TRUCK INSURANCE TOO EXPENSIVE? ...DOESN'T HAVE TO BE!!! PART II

The second group of factors have a direct effect on both the 'discount' and the 'loading' that can be applied to the 'book' or premium pool rate continued:

Cargo, Rig, and Occupation. The occupation your business engages in will reflect your rig set-up and the cargos carried. There are known hazards associated with some occupations and loadings are applied to these rates.

Radius from Depot. The more distance covered by your trucks then generally the more time on the road and the greater exposure to risk of accident or collision. Less than 150km radius from depot is considered more favourable than long haul.

Urban vs. Rural. Operators in urban built up traffic suffer more claims than their rural colleagues and premiums reflect this.

Risk Management. Two areas easily identified that could have a major impact on your premiums, particularly if you have had a bad claims history, are driver training and fleet safety and maintenance. Programmes are available to assist with improvements in these areas and should not be overlooked as a tool to reducing insurance costs, and in some cases even to retain your insurance cover.

In summary and to make the point clear, if you are aged 22, have had 2 recent at fault accidents and a cancelled license for demerits, been driving trucks for only a year or so, drive a Kenworth T904 Tractor unit worth $350k and pulling a tanker of hazardous goods long haul for Auckland urban delivery, then it would be fair to say your premium would be about the same price as the value of your rig. Conversely, if you are a 39 year old with no claims, clear license, driving for 10 years plus, delivering gravel from a rural quarry, your premium would be about as low as the cost of your next birthday shout.

Believe it or not the 22 year old driver's problems can be fixed with appropriate risk management applications.

Finally, the third group of factors. These are voluntary responsibilities that you can adopt to reduce the insurance companies claims payouts. They can lead to massive reductions in the cost of your insurance. They are only effective if you put them in place at the same time as you commence a full risk management programme.

Windscreens. Delete the cover for windscreens from your insurance. The most heavy vehicle claims for minor damage come from windscreen claims. Insurance companies assess these claims when quoting on your insurance or renewing your account. Your premium will be increased if you are making these claims and in most cases it is a dollar swap. They want the cost of the screen back off you by way of premium. Better to put in place a favourable arrangement with a repairer or look at importing a couple of spare screens. Better still to use screen protectors as well.

Deductible. In most cases the compulsory deductible or claims excess is 1% of the value of the rig. For example a $100,000 rig will have an excess of $1000. By voluntarily electing to take a higher excess or self insure say the first $10,000 you will see very tangible premium discount. TruckSure have clients with voluntary deductibles as high as $50,000 and along with practiced risk management, and premium burner, have made premium savings in excess of 60%.

Profit Share. If you have had a history of no or low claims volume and have risk management processes in place, then it makes sense to come to an arrangement with your insurance company to 'share their profit'. As mentioned when I covered the 'Premium Pool', the insurer wants to make a profit for the shareholder. The only way they can do this is to reduce the amount they pay out on claims. Why not share with the insurer in this profit and get some of your premium back because you don't make claims.

Burning Cost. Not too different from profit share but, as well as sharing profit, you also have an ability to reduce up front premium by paying a 'deposit' on your insurance and targeting an agreed loss ratio band. If your claims do not exceed or are lower than the target then your premium is set at renewal and you receive a credit against the deposit paid. On the other hand if you exceed the targeted loss ratio then you are required to top up the premium to an agreed maximum. This method of discounting is very effective for an operator with good claims history, strong risk management practices, and is usually combined with a high voluntary excess.

So at the end of the day, whether you are a fleet operator or an owner driver, you have at your fingertips the tools to have a huge impact on the amount of premium you elect to pay for your insurance coverage. It is not uncomplicated and requires expert advice. A TruckSure specialist transport broker can assist. View on www.trucksure.org.nz.


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