

Understanding and managing your insurance costs

In an article in the May issue, *Truck News* brought to light a number of challenges that owner/operators are facing when it comes to securing insurance at reasonable rates. After reading that article, we felt that it was important to try to demystify how insurance rates are determined and provide some tips that can help you manage the costs of your insurance program.

Each insurer determines their rates a little differently, so we'll start you off by explaining the specific components that make up how Northbridge Insurance determines our rates. We primarily look at three factors: what you haul; where you haul it; and your driving record/experience.

Now let's take a closer look at these three factors and offer some tips to manage your costs.

Think about what you haul

We begin by looking at what you're hauling. Different types of cargo have different exposure rates depending on durability, replacement value and potential clean-up costs.

High-value or dangerous goods will typically have higher-than-average premiums, but high premiums are not exclusive to high-value or hazardous goods. Loads of hay, cotton and scrap metal, for example, are all highly combustible and may be more expensive to insure. Talk to your insurance broker and insurer about what you haul and make sure you understand how they look at what you haul.

No matter what you're hauling, having experience with that type of cargo and the right equipment will help limit your losses, which will keep premiums down over the long term.

So will knowing the risks of your cargo and taking steps to prevent losses. For example, refusing to load produce in the morning when it's covered in dew will lessen the chances of mold and mildew forming on it while it's being transported. Taking care where you park and adding pin locks to protect trailers can be effective in preventing thefts, which will also reduce the likelihood of a loss.

Simple actions like these can go a long way in reducing your likelihood of filing a claim.

...And where you haul

The next thing we consider is where you're hauling. Differences in provincial and state laws and regulations can have a big impact on the average cost of a claim. Claim costs can vary by hundreds of thousands, if not millions of dollars, depending on where they occur. This is largely because of the likelihood of lawsuits in certain regions.

We understand that you can't always turn down profitable business in high-risk regions. However, we believe that a good insurance partner should be able to help you weigh the revenue you'll earn on a particular route against the costs of the exposure that comes with it.

Talk to your insurance broker and your insurer about where you're hauling and find out what kind of impact it has on your rates.

You might be surprised. Also be sure to talk to them before taking on a new load or customer and find out the true cost of that trip.

Guest Column

NORA HILLYER



Your driving record

Finally, we consider your driving record and loss record. Most insurance companies slot drivers into one of three categories based on their training, experience, loss experience and citation and violations. What record you have determines if you get a reduction or an increase on the base rate of the two areas noted above.

Northbridge Insurance actually uses a six-level scale, allowing you greater opportunity to benefit from good driving practices. For example, we'll reward an owner/operator with driving record six with a premium reduction

and even forgive their first accident.

A simple way to manage your record is to keep a close eye on your CVOR/CDVR rating and focus on ways to get a better rating. The practices that lead to better scores typically result in fewer accidents as well. The Northbridge Risk Services team has developed a number of courses specifically targeting these opportunities, and other industry resources are also available. Taking the time to find out how to address common problems can make a big difference to your costs.

Keeping costs down

Report accidents immediately: Did you know that delaying the reporting of a claim by five weeks can result in costs increasing on average by 48%? Reporting immediately enables your insurance company to document evidence, interview witnesses and avoid the intervention of lawyers. Just us-

ing the Driver Accident Reporting kit Northbridge Insurance provides can help ensure you capture the right details at the scene and limit your exposure.

Talk to your broker and insurer regularly: Your insurance broker and your insurer can offer you advice specific to your business about how to take steps that will help keep your costs down. Be sure to talk to them often. The ideas outlined here are all things that your insurance broker and insurer can help you with.

Sometimes it can feel like your insurance costs are beyond your control, but you've actually got a lot of opportunity to manage those costs, if you know what to look for. You can read more about this topic in our *Let's Talk Trucking Insurance Pricing* eBook on our Web site at www.nbins.com. □

— Nora Hillier is senior vice-president, customer excellence, transportation and logistics, Ontario & Atlantic, at Northbridge Insurance.



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