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MISTAKES

You Can Avoid That Can Increase Your Courier Business Insurance Costs

There is more to keeping down insurance costs than negotiating the best rates. Everyone in the courier business wants to reduce insurance costs. In this interview, Mary Jo Viola and Michael Greenberg, both Regional VPs for the Courier Division of Capacity Coverage, discuss how you can keep insurance costs down.

Besides negotiating the best rates, how else can Courier companies keep down insurance costs?

When you work with a broker that specializes in your industry as we do, the broker can identify potential situations that can cause an insurance exposure based on their experience with similar clients. We find that too many companies make business decisions without considering the impact it will have on its insurance costs. Sometimes this can lead to a situation where you think you have coverage, and you find out after an event has happened that you do not.

For example, when you sign a contract, consider having your insurance broker review it first. You may think your insurance covers liability specified in the contract, but it may not. Once you know the extent of your coverage, you can renegotiate the contract, or decide if the contract is worth getting the added coverage you may need.



What are some of the problem areas for the Courier business?

We know it is tough to get and keep drivers, so owners tend not to want to focus on possible insurance issues. But, drivers carry a tremendous potential liability if they cause an accident or lose a valuable package.

Lets start with a simple tip, make sure you report any new drivers you hire to your carrier. Many insurance companies require that new drivers must be reported to them. Not making a phone call to report a new driver can cost you thousands of dollars. If your new driver has an accident and is not listed, the insurance company can possibly deny or significantly reduce your coverage.

How can you prevent insurance problems with Independent Contractors?

How you handle Independent Contractors can have a major impact especially regarding Workers Compensation.

One option is include the ICs in your Workers Compensation plan. But if you feel this is too expensive, you can require the ICs to get their own Workers Compensation coverage.

Even if you get drivers to do this, you should consider a Contingent Liability policy, which will pay disputed claims and prevent a potential Workers Compensation carrier audit. If your insurance pays an IC's Workers Comp claim, they can decide to audit your policy by reviewing your 1099s for the past three years. The cost can be devastating.

How about preventing or covering potential liability?

We often suggest clients consider Umbrella Liability coverage. It is one of the most cost effective coverages for catastrophic loss. One of the best ways to see if Umbrella coverage makes sense is to ask your broker to do a comparison of the cost to pay for potential damages versus the cost of umbrella coverage. Another coverage to consider is Employment Practices Liability. You may think it is never going to happen to you, but people are sued everyday for wrongful termination, sexual or racial discrimination, or sexual harassment. Even if you win a case, legal costs can be tremendous. Again, ask a broker's advice and see if the policy includes ICs.

You recommended "talk to your broker" in some situations. Why is it important to work with a broker who is a specialist in your industry?

First of all, this interview is for general advice. Every business is different and requires its own analysis from your broker.

The courier industry is unique and not every insurance broker understands it. As Courier

Insurance specialists, we represent most of the major carriers that write insurance for your business.

As the 60th largest broker in the US and an industry specialist, we have the clout in the market

to help you get the best coverage with the best pricing.

We understand you may have used your current broker for years. We simply suggest that you make a comparison. Then you can decide what is best for your business. Click on the link below, fill out the form, and let us review your insurance needs.

<http://www.capcoverage.com/courier.html>

Written by Mary Jo Viola and Michael Greenberg both of whom are Regional Vice Presidents for the Courier Division of Capacity Coverage. They can be reached at **1-800-222-2425** or visit www.capcoverage.com.

- **Use a broker who knows your industry**
- **Identify insurance implications of business decisions**
- **Always report new drivers to your insurer**
- **Avoid Workers Compensation audits**
- **Review potential liabilities**