

5 MISTAKES

You Can Avoid That Can Increase Your Moving and Storage Business Insurance Costs

There is more to keeping down insurance costs than negotiating the best rates. In this interview, Regional Vice President Tom Wentworth of the Moving and Storage Division of Capacity Coverage discusses how you can reduce insurance costs.



What's the advantage of working with someone like Capacity where you really specialize in this business?

There are only a few insurance carriers that offer coverage in this area. It is considered a difficult class of business to place. However, over years of working with the carriers that do specialize in moving and storage, we have developed strong working relationships with the underwriters. Because the underwriters know about and respect our depth of experience in this area, they are receptive to our recommendations for coverage and pricing. As a member of the Board of Directors for the New Jersey Warehouse and Movers Association, I am in touch with industry issues from fuel costs to regulatory changes. Our clients are comfortable doing business with us because we speak their language.

Why is this a difficult industry to place insurance?

The insurance industry does not see the moving and storage class of business as a profitable industry to insure. The companies that do underwrite this area are specialists who develop specific programs that address this industry's operating issues. That's why the moving and storage companies need a broker that can properly protect their business with the right coverage.

Why is cargo coverage an important issue?

Most states have licensing requirements that include liability insurance. For example, in New Jersey the cargo legal liability requirement is 60 cents per pound per article. If your insurance agent understands that liability exposure, it's easier to obtain a fair price for coverage. I've seen situations where a mover has said his broker doesn't understand the business and is providing coverage that is too expensive because it is beyond what the company needs. Another area is valuation coverage - an experienced broker can explain to the underwriter how much valuation risk there really is for the mover. If the mover doesn't want to increase its liability through valuation, the company can provide their customers with an insurance policy option.

How can companies reduce Workers Comp and general liability costs?

The key to keeping costs down is to make sure you are evaluating your payroll properly. This also applies to Workers Comp and general liability coverage. The premium is based on payroll. You need to be sure that the employees included in the development of premium are only the ones that are supposed to be. Based on the rules, many employee classes are excluded from premium development.

Are there areas where companies tend to be over insured?

It is possible depending on your specific situation to have a \$2,500 or \$5,000 legal liability deductible on cargo coverage in lieu of the thousand dollar standard. Savings can be significant because it helps eliminate small legal liability nuisance claims. We also have a program where we allow the mover to transfer the deductible to the shipper. When the shipper has responsibility for paying the deductible on small claims, it reduces those claims.

Any areas where companies are under insured?

Some small movers often have a cargo legal liability limit of \$25,000. They have the 60 cents a pound, and they never sell valuation. We often suggest movers consider at least a \$50,000 per truck limit. The added premium cost for that is negligible, but it gives you twice the coverage if you are sued and a court judgment exceeds your \$25,000 coverage.

As the 61st largest broker in the US and an industry specialist, Capacity has the clout in the market to help you get the best coverage with the best pricing.

How else can companies keep their insurance costs down?

Look at your company the way an underwriter would. Make sure your vehicles are maintained properly. Cutting back on maintenance can cost you more in insurance coverage than you save by cutting back. Insurance companies send out inspectors to review your storage facilities. A well-kept warehouse says a lot about your operation. If you have to invest to make some improvements to your facility, you are going to get a payback by reducing claims issues.

How else can Capacity help reduce insurance costs?

Besides advising our clients and seeking the best rates, we have a new free service called MyWave. MyWave is an online service that has time saving tools to help manage insurance tasks. For example, creating employee newsletters, safety programs, in-house forms, and insurance reports can be time-consuming and expensive. MyWave lets you download easy-to-customize materials. If you have an insurance question, you can

search a library of thousands of articles. Or, post your question to an online forum tapping the resources of your industry peers. You can also access a complete OSHA Log reporting and analysis system. All of these services save time and money - and they are free.

If your HR department is stretched to the limit, MyWaveHR helps with answers to Legislative

issues, instant access to articles from Benchmarking to Plan Design, plus the HealthShop online wellness education center for your employees.

What are the advantages of working with someone like you who specializes in the business?

This interview is for general advice. Every business is different and requires its own analysis from your broker. The moving and storage industry is unique and not every insurance broker understands it. As specialists, we represent the major carriers that write insurance for your business.

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.

Go to the link below, fill out the form, and let us review your insurance needs.

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

- Use a broker who knows your industry
- Make sure your payroll is evaluated properly for Workers Comp and general liability
- Consider higher deductibles
- Review cargo liability limits
- Maintain your vehicles and facility