



An introduction to **HGV INSURANCE** for business owners

Expert tips for protecting your vehicles
and delighting your customers

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Eddie Johnson



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Introduction

If your business uses heavy goods vehicles of any kind you need to have complete confidence that you'll be covered when the unexpected happens.

However, businesses that utilise vehicles of this nature are rarely properly served by conventional insurance, as their requirements are often quite specific, to the extent that such policies aren't flexible enough to accommodate them. Furthermore, they are rarely given the support and advice needed to choose the right broker and get the right insurance in place. As a result, many businesses don't realise that their insurance isn't suitable for their needs until they need to make a claim and get a nasty surprise.

I've spent years working in the insurance industry and have seen the challenges that companies using heavy goods vehicles face when it comes to getting the right insurance in place. That's what led me to found Isis Insurance, in order to provide a personal, bespoke service, focused on this area of insurance. And it's also what led me to write the guide you hold in your hands.

My goal here is to demystify HGV insurance and show that with the support of a specialist broker, arranging cover for your heavy goods vehicles needn't be unnecessarily time-consuming and can actually lead to serious savings for your business. Some of what you're about to read may surprise you, but if you follow the advice in this guide and refer back to it whenever necessary, you'll be able to stop worrying about whether your vehicles are properly covered and concentrate on what you do best – running your business!

Eddie Johnson

Isis Insurance

How to establish what HGV insurance will be right for your business

The HGV insurance that will be right for your business will depend upon a variety of factors – some obvious, some less so. That's why our first contact meeting with you will involve a thorough fact-finding process that will help us build up a detailed picture of your business and how we can best help you. Based on this, we will be able to recommend a combination of compulsory and non-compulsory insurance that will allow you to trade. This always begins with motor insurance, to allow you to get your vehicles on the road, but may also involve more specific insurance to protect you in the event of the unexpected [including cover for damage to your own vehicle as well as others, for example], depending on how comprehensive you want your insurance to be.

Certain elements of your insurance will be compulsory, but if your vehicles regularly transport hazardous goods, then your insurance will need to take this into account. However, we will be able to advise you on ways you can mitigate the cost of your insurance, so it doesn't necessarily have to become a serious ongoing expense. This can often be accomplished through simple measures like providing extra training for your drivers or installing cameras in your vehicles [which can often prove invaluable in the event of a claim].

One of the most misunderstood parts of this process is goods in transit insurance. If you are transporting goods on behalf of another company, then you will need a thorough understanding of their requirements and to be willing to take responsibility for providing the appropriate insurance. Fortunately, as specialist, experienced brokers, the team at Isis will already be familiar with most companies' specific requirements and will be able to advise you in this regard.

One of the most important compulsory elements of your insurance will be ensuring your drivers are properly covered. The nature of the insurance involved will depend on whether your drivers are actually full-time employees, but should it prove necessary, we will arrange employers' liability insurance and make sure you are completely fully compliant with the Employers' Liability Act. We'll also find out whether you'll require public liability insurance, for when you interact with the general public.

Based on these three main elements – your vehicles, your goods in transit and your drivers – we will be able to craft a policy that suits you and your business’s specific requirements. Although there are other requirements that will need attention, these will be our primary area of focus.

It’s important to get an experienced insurance broker’s input early on when arranging any form of insurance involving heavy goods vehicles. Don’t assume you can handle it yourself and arrange your policy with a high street insurance broker. Not only is it far too easy to make mistakes, due to the number of areas that need consideration, conventional insurers won’t usually be willing to dig deep to uncover your specific requirements and make sure you are fully covered.

For example, a non specialist broker may ask “Do you employ anyone?” when they meet you. If you answered no, they’d take that as an indication that you don’t need employers’ liability insurance and think no more of it. However, if I was presented with the same answer, I’d immediately want to know who drives your vehicles! If it turned out that you were using self-employed drivers then you could still need employers’ liability insurance in place, otherwise you could be a) breaking the law and b) at risk of being sued should one of your drivers be injured on the job. It’s only years of experience working in this area of insurance that allows a broker to know when to ask questions like this, so it’s essential that you engage the services of an experienced specialist rather than a generalist. It’s not enough to know simply what questions to ask – it’s essential that your broker understands the context surrounding them in order to get all the facts.

When it comes to HGV insurance, a bespoke approach isn’t a luxury – it’s a necessity, as it is the only way you’ll be able to enjoy complete confidence that you will be covered no matter what. Although it may cost a little extra, an unsuccessful claim could easily prove to be far more costly and the resulting peace of mind will more than justify your initial investment.

Some of the common mistakes business owners make regarding HGV insurance

Throughout my career, I've seen certain mistakes recur over and over again when it comes to businesses' HGV insurance. Let's look at some of them in detail, so you'll be able to avoid them and prevent problems before they even occur...

With certain online insurance services, it's common for them to offer an instant quote when you input your vehicle registration number. However, this is an extremely risky approach to take, as you have no guarantee that the DVLA database has all the necessary details available. For example, you might want to arrange insurance for a tipper, unaware that the DVLA database has it registered as a generic heavy goods vehicle. As a result, you'd be putting a tipper on the road without the appropriate insurance, yet be completely unaware of it until an accident occurs and your insurer informs you that you are not properly covered. Such systems are great if you just want a quote for your car, but when it comes to heavy goods vehicles, it's simply too easy for mistakes to be made.

As you will be well aware, heavy goods vehicles are incredibly diverse. For example, if seven new trucks were launched simultaneously in a showroom, there would almost certainly be differences between them – some of which may not be obvious to the untrained eye – that would affect the insurance they require. Furthermore, it's likely that these vehicles will be modified further down the line by adding tippers, hooks, cranes and the like. Insurers need to be aware of this information upfront, but the DVLA database won't necessarily have it available.

If you do want to modify one of your heavy goods vehicles after your insurance policy has been put in place, you need to be sure to let your insurer know. Much of the time, this won't even involve any money changing hands, but it's important that they have all the specific details of your vehicles on their records.

A proper fact-finding system, of the sort described in the previous section, is the only way to ensure you have the right cover for the right vehicle. An unsuccessful claim, or one that requires a lengthy fight, can take a huge toll on your business, so don't leave it to chance!

Another common misconception involves claims histories and whether insurers need to be made aware of them. Many insurers have sophisticated databases to help in this regard, but these aren't infallible and some past claims can still slip through the net. That's why it's essential that you are totally frank and upfront with your insurer when you interact with them. It's often assumed that if it wasn't actually you who made a claim then it doesn't have to be declared, but that's not true – if your insurance company received notification of a claim then it will need to be declared. Even if the drivers involved no longer work for you, you should still be aware of all the details so they can be passed on to your new insurer.

This includes conducting regular license audits for all your drivers. It's not enough to do this once a year, as a lot can happen within that space of time; if a driver obtains a conviction that could result in the loss of his job, he'd be unlikely to tell you about it! The frequency of these audits will depend on the size of your fleet, but they should generally take place once every half or quarter year, so you know your drivers comply with the requirements of your insurance policy. Ignorance is no defence here – if a driver's conviction was not reported to your insurance company because you never thought to ask them about it, you will be held responsible.

This is so important to businesses operating heavy goods vehicles that we will guide you through the process and help you put a proper auditing process in place to ensure you are never caught out. It doesn't cost anything, but it can often prevent very serious problems before they occur.

Although it isn't a strict requirement for many insurers, I would strongly advise you to implement a proper system of reference checking for all your drivers and also make sure they have been trained to a high professional standard. When it comes to driver training, as of 2014, all driver of heavy goods vehicles will require a Certificate of Professional Competence (CPC). This will require them to undergo five units of training of around seven hours each. Certain businesses treat training as an afterthought and leave it until the last minute, but it's well worth your while to get your drivers' training arranged as early as possible.

When you bring new drivers into your business, what questions do you ask them? Are you checking their CPC history? Are you looking into their road history? Are

you taking the time to follow up on their references and speak to their previous employers? Do you require them to take a proper road test before they are hired? Once again, some of these things aren't compulsory, but can save you a lot of headaches further down the road.

Things become a bit more complicated if you want to bring in agency drivers. Indeed, some insurers refuse to insure agency drivers due to the risks involved. Although there are certainly some excellent agency drivers out there, you have no guarantee they'll be as vigilant as your regular drivers, nor that their history is exactly as they claim. Unfortunately, it's not uncommon for businesses to take on agency drivers who they subsequently discover have a string of past convictions.

If you do occasionally need to employ agency drivers to handle emergencies and the like, then I would advise you to make sure your insurers and customers are aware of this. Whenever you do need to hire an agency driver, make sure you request details of their licence and driving history before they are allowed to drive your vehicles. At Isis, we can actually produce documentation to help you with this, so you (and your customers!) can have complete confidence in the individuals driving your vehicles.

Be aware that HGV insurance is not the same as conventional motor insurance and the same rules will not necessarily apply. For example, motor insurance will usually allow you to drive another vehicle during an emergency, but HGV insurance won't allow you to do this. As such, if you or one of your drivers does need to drive a different vehicle, you will need to let your insurer know. This is because different HGVs require specialist skills to operate, so moving from vehicle to vehicle is not quite as simple as just getting used to the feel of a new driver's seat.

If necessary, we will be happy to advise you on this, provided you let us know upfront who will be driving which vehicles and when.

If you are going to be transporting tools in your heavy goods vehicles, they will not usually be covered as part of your policy, although this can be arranged if necessary. Be sure to ask about this early on and it shouldn't usually be a problem to incorporate it into your policy.

How your HGV insurance will evolve with your business

As your business grows, your insurance will need to evolve if you are to stay fully covered. You may reach a point where you expand your fleet and take on more vehicles. You may expand into new areas and start transporting different sorts of cargo. You may need to take on more employees. The list goes on, but the best HGV insurance is scalable for precisely this reason. At Isis, for instance, our policies are deliberately created in such a way that new elements can easily be slotted into your existing policy, so although there'll be an additional premium involved, there's no need to start from the beginning every time your requirements change.

It's a very practical, straightforward process that ensures you can concentrate on running your business rather than worrying about whether you have the right insurance in place.

What to expect when you need to make a claim

Having to make a claim can be an incredibly stressful process, something that isn't helped if you're in any doubt as to whether your insurer will provide the cover expected. At Isis, we only work with insurers who we know can a) provide the cover promised and b) offer exemplary backup services along with that. Furthermore, we monitor claims closely to ensure they run smoothly. Claims themselves are very diverse and have to be handled in a variety of different ways. Some, like road accidents, need to be dealt with straight away, while others may take several months to resolve, so it's important that you are properly supported and understand what to expect.

In order to make the process of making a claim more straightforward, many insurers are now providing their clients with 'accident packs', which set out everything you need to do, should you need to make a claim. These might include cards that can be kept in your vehicles which have a phone number for the insurer printed on them, so they can be contacted straight away in the event of an emergency. This way, the claim can be processed straight away, with minimal fuss, although not all insurers have yet obtained this level of efficiency, especially those that rely on call centres to process claims.

Fortunately, we will be there every step of the way to guide you and ensure your claim is processed properly. Furthermore, the Isis team member who is assigned to support and advise you will be the same one who sold you your original policy rather than a call centre employee. In our experience, this is absolutely essential, as even the best run call centre will probably have to look up the details of your policy to move things forward, while being able to speak to someone who already knows you and all the fine details about your policy means that you won't have to go through this waiting period.

They will also be able to speak to the insurers on your behalf if any aspect of your policy is brought into question and argue your case, something that many brokers are unwilling or unable to do. This is simply because many high street brokers base their services on providing a more conventional service to a less complex insurance product. As such, they rely on call centres for their interactions with

clients once they've put their policies in place and are therefore unable to offer a truly personal service. This is no problem for more straightforward insurance policies, but the complexities of HGV insurance mean that such services will almost always prove inadequate in the event of a claim, making the process far more stressful for everyone involved.

Our bespoke approach does away with these concerns altogether and ensures that you'll always enjoy the support of a trusted expert.

Renewing your policy

This sort of personal service extends to other aspects of your HGV insurance. For example, when it's time to renew your policy, we will be quite happy to review it in order to identify any gaps or areas for improvement. This might well include risk management. For example, if you had to make three separate claims for a particular vehicle within the space of a year, we'd look at whether this figure could be reduced by improving your standards of driver training or installing cameras in your vehicles. As a result, we may well be able to reduce your premium for the following year and reduce the amount of time and money wasted on claims that could have been avoided. And that means serious savings that can be reinvested in the business.

If you have a portfolio, we'll also look at that and suggest ways it could be improved. This isn't about imposing a new methodology on your business – it's simply a question of looking at your existing processes and identifying ways we can build on their strengths while resolving any weaknesses.

Is it really worth your while to be transporting hazardous materials?

We've already touched on this, but it warrants further attention, as it's one of the most complicated and frequently misunderstood areas of HGV insurance. The nature of your policy for transporting hazardous materials will largely depend on the nature of the goods and how much damage would potentially be caused in the event of a spill.

One important point to bear in mind is that it may well prove more cost effective not to transport hazardous materials in your vehicles, as the savings on your insurance would prove to be greater than the payment you'd receive for undertaking the job. Companies who specialise in transporting hazardous goods tend to do so in bulk, so the extra cost is justified, but if it's something you're only planning on doing occasionally, I'd strongly advise you to compare the potential profits to the increased insurance premium and ask yourself honestly whether it would be justified.

At Isis, we regularly advise clients on issues like this as many business owners don't realise that cutting back on certain less important areas of their business could actually save them a lot of money by lowering their insurance premium.

This is why it's so important that you're able to provide us with as much information as possible during our initial fact-finding stage, as it often allows us to suggest cost-saving measures like this while we sort out your insurance policy. It's true that most businesses that operate heavy goods vehicles are often time-poor (after all, you're only making money if your vehicles are on the road!), but being willing to invest a little time early on can result in serious long-term savings and also ensure that you don't get any nasty surprises when it's time to make a claim.

Getting a new vehicle on the road

Many business owners underestimate how complicated it can be to get a new vehicle on the road. It's not simply a question of purchasing a new truck and putting it straight on the road, as you will need to obtain the relevant operator's licence before you can include any vehicle weighing more than 3.5 tonnes as part of your business. However, to make matters more complicated, there are certain exceptions to this rule, such as vehicles used before 1977 or that are only on the road for less than six miles each week. Around 99% of vehicles will require one, but it can be difficult to ascertain whether your vehicle will be one of the 1% due to the number of different rules involved.

Fortunately, we can make this process more straightforward for you. In fact, we have an information booklet on the subject that we send to our clients upon request which sets out what you do and don't need to do and can also refer you to experts on the subject if necessary. This way, you can make sure that you are entitled to have your new vehicles on the road, while we can make sure that they are properly covered as part of your existing policy.

Conclusion

I hope this guide has helped clear up any misconceptions you've had about arranging HGV insurance for your business.

If you take nothing else away from everything we've discussed, remember that HGV insurance needs to be a personal, bespoke service. With so many different factors to consider, it's far too easy to make mistakes that will prove costly later on, so it's important to choose an experienced, specialist broker who will offer guidance and support every step of the way. If you select the right broker, are totally upfront with them and continue to keep them informed about changes in your business, you'll soon enjoy the peace of mind that only comes from knowing you are fully covered, whatever may happen.

I wish you and your business the very best, whatever the future may hold!

About Isis Insurance

At Isis Insurance, we are veteran commercial insurance brokers, providing a bespoke service to growing businesses around the UK. We offer a wide range of insurance products, with a strong focus on the needs of businesses that operate heavy goods vehicles – an area in which our team have developed an in-depth knowledge over the years.

The areas of insurance we work in include...

- HGV insurance
- Goods in transit insurance
- Fleet insurance
- Employers' and public liability insurance
- Multi-vehicle insurance
- Skip hire insurance

We believe that a truly personal service is essential for any form of insurance and so work closely with each and every one of our clients to make sure they not only have the right insurance in place, but that they are properly supported should they need to make a claim and that their insurance policies evolve as their businesses do. That's why all our clients receive a direct access phone number for their personal account handler rather than having to contact us through a call centre.

Just visit our website to find out more about our range of products and to arrange your initial discussion...

www.isisinsurance.co.uk

We look forward to helping you plan for the future!

Authorised and regulated by the Financial Conduct Authority, our firm's reference number is 314533.

Isis Insurance Services Limited are members of the British Insurance Brokers Association.



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Businesses that operate heavy goods vehicles of any sort have very specific requirements when it comes to their insurance – requirements that conventional insurers are not usually able to fulfil. Fortunately, this special guide from insurance industry veteran Eddie Johnson of Isis Insurance will ensure arranging the right insurance for your vehicles is both straightforward and stress-free, so you'll never get a nasty surprise when you need to make a claim.

Some of the topics Eddie discusses include...

- What information does your broker need in order to offer the right policy for your business?
- Why not carrying hazardous good could actually save you money
- How to make sure your drivers are properly covered
- What to expect from a first-class broker and how to develop a great working relationship with them

All this advice is drawn directly from Eddie's years of experience in the insurance industry, working with businesses all over the UK. If you follow this advice, you will soon enjoy the peace of mind that only comes from knowing you are covered when the unexpected happens. And that means you can concentrate on growing a better business!



www.isisinsurance.co.uk