



A quick guide to cutting through the confusion, saving money and keeping your courier business covered

An insurance policy can be confusing to experienced couriers and can prove difficult to understand for those relatively new in the business.

This brief guide will help everybody get up-to-speed with the main areas that cause most of the misunderstandings. It will help you avoid some nasty pitfalls and ensure you get the best deal and the very best cover that is available to you.

It will also ensure you ask the right questions when taking out a new policy, or reviewing an existing policy, for your business.

This initial guide takes a look at the key questions and will be useful for single vehicle couriers or those operating small or large fleets.

We hope you find it of use.

Make sure your vans are legal

To put your van on the road, you have a legal obligation to insure it.

As is the case with private vehicle insurance, the minimum level of cover is third-party only, which covers you in the event of injury to other people, damage to their property or other vehicles as a result of an accident you are involved in while driving your van.

Third-party fire and theft adds cover for your own van if it is damaged by fire or stolen, whilst comprehensive cover also offers protection for damage to your van following an accident.

Don't assume that third-party insurance will be massively cheaper than comprehensive cover; this isn't always the case, and paying a little extra up-front could prove a lot cheaper than repairing or replacing your van out of your own pocket.

What you need to ask yourself before applying for cover

1. *The radius you travel from where the van is kept.* Being honest about this ensures that you are offered the right insurance for your needs. You'll find some insurers will also cover journeys to the EU for up to 90 days as part of your policy, too.
2. *How many drivers are on the policy?* The more drivers on the one policy, the more risk is likely to be involved for an insurer. Like any other motor insurance, inexperienced drivers might attract higher premiums.
3. *How big is your van?* Some insurers will specify a limit of 3.5 tonnes; others accommodate up to 7.5 tonnes.
4. *Can you pay in instalments?* Even with the cheapest insurance, spreading the cost can lighten the financial load.
5. *How much excess will you have to pay?* All policies will have a standard compulsory excess that you will have to pay in the event of a claim. Insurers will often provide you with a discounted premium if you elect to voluntarily increase the amount of excess payable. Whilst it is true to say that the higher the level of excess you choose the cheaper the premium, it also means the more money that has to come out of your own pocket if a claim is made. You should also ask your broker about taking out a policy to protect your excess to help you decide the most cost effective option.
6. *What happens if you breakdown?* There's nothing worse than being stranded when you rely on your van to earn a living. If you don't already have it, you should seriously consider adding breakdown cover to your policy, to get you up and running again as soon as possible when this happens.

What if I have a fleet of vehicles?

If you operate a number of vehicles then you should consider taking a motor fleet policy. This will allow you to insure multiple vehicles of different types under a single policy. By having one renewal date and a single point of contact for policy changes you can ease your administrative burden in managing the fleet. Dependent on the insurer, you can also benefit from wider policy coverage, such as the ability to insure for any authorised driver, rather than specific named drivers.

Purchasing a fleet policy can often mean that the premium you pay per vehicle is less than when the cover is purchased individually for each vehicle. The policy is rated on the total claims experience going back over a 3 to 5 year period, so if you enjoy a good claims history then this should be reflected in the premium you pay. However, you should be aware that under a fleet policy the vehicles won't earn a no-claims bonus and that a major accident involving just one of the vehicles could have an impact on the premium charged on all the vehicles at a subsequent renewal.

What about cover for 'Goods In Transit'?

If you're moving goods from A to B, what happens if they are damaged, lost or stolen in the process? Goods in Transit cover is designed to cover your legal liability to pay to repair or replace the lost or damaged goods.

Goods in Transit insurance can sometimes be overlooked by couriers, yet is something of a necessity. Simply buying van insurance doesn't give you all the cover you need. Some of your customers may refuse to deal with you if you don't have the cover in place.

The level of cover you need to purchase will be determined by the conditions of carriage you are working under (whether your own or your customer's). Make sure you tell your broker about all the different conditions of carriage you are contracted to and ensure that the limits you choose for your policy, where necessary, are tailored to meet the different requirements you have.

RHA (UK): For UK road transits under the Road Haulage Association's Conditions of Carriage. Your liability is limited to £1,300 per tonne.

CMR: Convention on the Contract for the International Carriage of Goods. Usually applies for road transits overseas to those countries (ex Republic of Ireland) that have signed up to the convention. Your liability is restricted to 8.33 Special Drawing Rights (SDR) per tonne. The value of an SDR varies on the currency exchange and currently CMR liability stands at around £7,400 per tonne*.

All Risks: Also referred to as Full Responsibility and means you need to insure for the full value of the goods you are carrying.

* 20 August 2015.

It is also important that you tell your broker about the different types of goods you may transport as insurers will usually have conditions, exclusions or restrictions that will apply to certain types of goods, such as high value/theft attractive items, livestock or perishable goods.

Whilst Goods in Transit cover for couriers is usually purchased as a separate policy, some insurers will offer it as extension to the van policy and this can often prove more cost effective.

What about cover for my staff...or the public?

Do you employ staff? If yes, then you will have a legal requirement to take out Employers' Liability Insurance. This covers the legal liability of the business in respect of any injury or illness suffered by its employees whilst carrying out their work duties and it will help you meet the cost of any resultant compensation. A limit of £10,000,000 per incident is the standard minimum level of cover that insurers provide.

Being out and about and coming into contact with members of the public means that you should consider taking out public liability insurance. This will cover the legal liability of the business in respect of any injury, illness or property damage suffered by other persons as a result of your business activities and will help you meet the cost of any resultant compensation.

Next steps

I hope you have found this simple guide of use as you look to either review or engage with a new insurance provider. Avoiding the pitfalls and taking advantage of any discounts could make a positive impact on your profits.

To get more detailed information, to get an instant quote or to talk to a qualified advisor simply click on the advice button below:

Many thanks again for your interest.

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Winner: 2014 Insurance Broker of the Year

Winner: 2014 Commercial Lines Broker of the Year - SME/Mid-Corporate

Winner: 2014 Insurance Times Brand Campaign of the Year - Broker-to-Specialist Audience

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We have strong connections with quality insurers and often have exclusive schemes available for our clients.

