

Insurance Policies 101: Commercial Trucking Insurance

Whether you drive, own a home, see a doctor, or want to protect your loved ones after you've passed away, insurance is everywhere. Our daily lives are busy, and we don't often think of the accidents that can occur in the blink of an eye. That's what insurance is there for. Insurance protects our interests in the event of a catastrophe, such as a death, natural disaster, or illness. The same principle applies to those in the trucking profession. Those who deliver our Amazon packages, transport cargo to and from warehouses safely, and make it easier for us to buy the things we need without a second thought are all considered trucking operators, and there's very specific insurance coverage that protects these hard-working citizens.

The insurance that protects them on a daily basis, day in and day out, no matter where they travel within the United States is known as **Public Liability insurance**. **The Federal Motor Carrier Safety Administration (FMCSA)** provides a step-by-step process in which a company must complete in order to gain Authority to Operate. The process requires every Operating Authority (Motor Carrier) to carry a Public Liability insurance policy before they can dispatch trucks on the road.

Not your average insurance policy

Public Liability insurance is a must-have for interstate truck drivers. Not only is it a must-have, it's a legal requirement. A truck driver cannot be employed under the FMCSA without this type of coverage. The hefty price tag on this coverage protects both the driver and the public at large from any accident in which the trucker was found to be at-fault. Within the coverage, there is a **"Bodily Injury"** clause which stipulates that hospital and medical bills will be paid for in the event of an accident in which the trucking operator was at-fault.

The price of this coverage is sky high due to the nature of an operator's job. The truck driver goes interstate often, and these insurance policies must cover them outside of their home state. The policy will take into account the cost of medical bills and damages to the vehicle, among other things such as any property that may be damaged in an accident, when accounting for the cost. In regard to the latter, there is a specific **"Property Damage"** portion of the policy that takes other people's property and any repairs deemed necessary into account.

Coverage 101

As with almost every insurance policy, Public Liability insurance has its minimum limits. Unlike your average auto-insurance policy, Public Liability insurance minimum limits have soared in recent years, due to the nature of reckless driving, road accidents, and tighter

FMCSA regulations. To give you a better idea of what “sky high” actually entails, let’s look at the numbers in relation to “freight”:

1. Non-hazardous freight under 10,001 pounds: **\$300,000 minimum**
2. Non-hazardous freight over 10,001 pounds: **\$750,000 minimum**
3. Oil: **\$1,000,000 minimum**
4. Hazardous materials: **\$5,000,000**

As you can see, trucking companies are paying steep prices to keep their drivers and the public safe. These minimums are in place for a reason; they also act as a deterrent of negligent road practices for truck drivers. When the insurance company pays out after an accident, these rates skyrocket!

Shaked Law Fact: When a driver is bodily injured on the road due to the negligence of a truck driver who acted in a manner that was careless, reckless, or didn’t meet FMCSA regulations, the insurance companies have no choice but to compensate the injured victim. This is what’s known in personal injury law as “damages”, and any victim injured by another’s negligence is entitled to obtain them.

Insurance in motion

There are several other forms of insurance that a trucking operator will need to be covered by before they can actually use their vehicle:

Cargo insurance: this is exactly what it sounds like. Cargo insurance will cover the goods, or “cargo”, being hauled in a truck or trailer. As we’ve discussed above, there are weight limits and minimums that must be met under this type of policy.

Physical damage: if you’re financing your vehicle—as a private contractor—you will need this form of insurance before you can utilize your vehicle for any commercial purpose. This policy protects your personal trailer, truck, or tractor from road accidents.

Bobtail: this form of insurance is only required if you do not have your own auto-insurance. If you, however, work for a motor carrier or trucking company, you most likely will not need to obtain this level of insurance. Your employer will inform you of the ins and outs of this type of policy on a case-by-case basis, as it is not the same for every carrier.

At a glance

- Public Liability insurance is divided into two basic sections; “**Bodily Injury**” and “**Property Damage**”

- The cost of Public Liability insurance is considerably more than your average auto-insurance policy due to the nature of a trucking operator's employment
- Public Liability insurance protects both the driver and the public from any accident in which the truck driver was found to be at-fault
- There are certain minimums that must be met under Public Liability insurance policies. These limits range from **\$300,000-\$1,000,000** or more.
- There are other insurance policies necessary outside of the standard Public Liability policy: **Cargo insurance, Physical Damage insurance, and Bobtail insurance**

Contact us to schedule a complimentary consultation. There's no obligation. Take the first step and call today: (877). 529-0080

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