

# Bus Insurance Does Not Have to be Painful

by Hal Goldman, CEO of Paul Arnold Associates

Let's face it. The only thing less popular than bus insurance is insurance brokers. I should know; I am one of them. We are considered a "necessary evil" that bus operators must live with.

Paul Arnold Associates Inc. has been specializing in bus insurance since 1971, and in all that time, the public perception of insurance brokers remains the same – uggy.

Many operators may have had bad experiences with their brokers, insurance costs and possibly problems with claims. It is not an uncommon tale.

The good news? Renewing your bus insurance and all related insurance products you need (WC, CGL, property, umbrella and EPL), does not need to be painful.

Our goal at Paul Arnold Associates Inc. has always been to stay in constant communication with our clients, answer their calls 24/7 and help them navigate the murky world of insurance that at times can be extremely confusing. The following tips can help you going forward.

- Do your homework well in advance of your renewal date
  - Research the marketplace
  - Request AM Best reports on any quoting carrier
  - Know your broker
- Preparation for renewal
  - Review your vehicle schedule and values
  - Review your drivers: Are MVRs up to date?
  - Loss Runs: When have you last seen them? Has your broker reviewed all claims/open reserves to your satisfaction?
  - Update IFTA reports; most carriers require at least four quarters
  - Make sure your profile on SAFER is accurate. Underwriters utilize this Web site when considering your operation. The SafeStat report is reviewed.
- Brokers: To shop or not
  - Always do your due diligence in checking on any brokers you allow in your door.



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- Make sure they have experience in your field.
- Quote deadlines: You control the process. Set a deadline for bids and stick to it.
- Assign markets: It does not help your credibility in the market if five brokers all go to the same insurance companies. Insurance companies will release only one quote. You should control who goes where.
- Drivers
  - Their MVR is their resume. If they do not produce it for you, is there a problem?
  - Why are they applying for work? Do background check on prior employment.
  - Try to avoid the temptation to put someone behind the wheel simply to get the trip covered. Driver may not be qualified and this may hurt you if an accident occurs.
- Factors that affect your insurance costs
  - Your driver pool
  - Loss (claim) history
  - Nature of your operations
  - States you operate in

## Do your homework well in advance of your renewal date

Whether you plan to shop your insurance or stay with your current broker, do not wait until the week before you renew to get serious. Speak with your broker about the insurance marketplace. Who are the possible "players" you can get a quote from? What is the financial condition of the insurance company(ies)? Request a copy of the AM Best report on any carrier you get a quote from.

Ideally, you would like to have your renewal wrapped up at least 30 days in advance. There is no reason this cannot be done. Paul Arnold Associates Inc. routinely provides our clients with their renewal quotes in this manner.

## Preparation for Renewal

Make sure you review both your vehicles and driver schedules for accuracy. Are your vehicle values up to date and do you have a current MVR for each driver?

When was the last time you reviewed your Loss Runs? You are entitled to this information and can receive it as often as you wish from both your carrier and broker. The best way to identify a problematic trend with your claim is to review the loss runs on a monthly basis. Have any and all "open reserves" been reviewed with you to your satisfaction? Claim reserves *do* impact an underwriters thinking when considering your file.

## Brokers: To shop or not?

If you are 100 percent satisfied with your current broker, then we suggest you maintain that relationship. Having a "solid and trusting" relationship with your broker is half the battle in this business. Many of the brokers represent the same insurance carriers so it really comes down to establishing a relationship you feel comfortable with. At Paul Arnold Associates Inc. our clients know that they can reach us 24/7 with any concerns they have.

If you *do* decide to allow other brokers to quote your insurance, do your due diligence *and* establish quoting guidelines up front. Remember that we work for you. Set a deadline for any and all quotes and stick to it. In addition, assign markets to any bro-

kers involved. This eliminates the chance that five brokers will go to all the same insurance companies. You should control the process.

### Drivers

The shrinking driver pool is by far one of the most alarming problems in our business. Finding experienced, professional drivers can be a real challenge. Make sure you have current MVRs on all your drivers. In addition, *before* you put a driver behind the wheel of your \$400,000 bus, make sure he/she is qualified to drive. Taking your eye off this can lead to disaster for you and your passengers. Many insurance companies require the driver to be approved by

them before driving. This may seem restrictive at times, but keep in mind that the insurance carrier really is looking out for your best interests.



### Factors that affect your insurance costs

From our perspective, your driver pool is the number one factor affecting your costs. A good driver is not going to have

accidents and that in turn will keep your Loss Runs clear. Realistically though, everyone is going to have an accident at some point. That is why it is called an accident. Even the most seasoned, professional driver can have "bad luck." The Loss Runs are an important tool used by underwriters to determine your costs; thus the reason you should review your reports monthly. The nature of your operations and states you operate in can also have an effect on your costs. For example, some cities and states represent greater claims challenges. Insurance companies may have trouble or incur greater costs settling claims in some states over others simply because of the insurance laws in that state.

In summary:

- Start early
- Research your market
- Know the players
- Prep your files
- Establish deadlines so you do not go down to the wire

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## Down The Road

Coming events of interest to readers of NATIONAL BUS TRADER. Submissions for the department should be directed to the editor. Unless otherwise indicated, events are not open to the general public.

*October 31, 2009. MoBT Annual Meeting.* Museum. More information to follow.

*April 22-25, 2010. Busworld Turkey 2010.* Istanbul. For information visit [www.busworld.org](http://www.busworld.org).

*February 23-27, 2010. UMA Motorcoach Expo 2010.* Las Vegas, Nevada. More information to follow.

*March 22-25, 2010. FMCA's 83rd International Convention.* EXPO New Mexico, Albuquerque, New Mexico. For more information visit [www.fmca.com](http://www.fmca.com).

*August 11-14, 2010. FMCA's 84th International Convention.* Deschutes County Fair and Expo Center, Redmond, Oregon. For more information visit [www.fmca.com](http://www.fmca.com).