

Commercial Trucking Insurance: How Much Does it Really Cost?

Why do owner-operators invest in insurance? Protection. At face value, insurance is a big investment. And with risks involved, finding **affordable commercial truck insurance** is the top priority of owner-operators.

Picking the right mix of trucking insurance is vital for business owners specializing in transport and freight services. When truck drivers are on the road, commercial truck operators are offhand with any future accidents, so planning is important.

What is commercial trucking insurance?

An owner-operator or semi-truck insurance covers any unexpected damages or injuries caused to parties involved with a business transaction, such as freight of goods or non-business driving. It serves as a protection on the interests of both customers and owner-operators.

Accidents such as damaged freight may put the owner in two expensive costs: total damage costs on the goods and the earned goodwill from a customer. So as long as the owner-operator's insurance is in place, it should come in handy in these situations.

How much does truck insurance cost?

Different types of trucking insurance policies exist on the market. Each one caters to specific situations involved in

commercial trucking, so owners should survey potential risks based on the services they offer.

General liability

This insurance, sometimes termed as public liability insurance, covers physical injuries caused to third-party not related to truck driving. This liability is based on a statutory law that should be complied with by owner-operators and motor carriers.

General liability insurance should protect business owners from many common business risks happening day by day, such as when a customer slips in your warehouse. This insurance costs around \$500 to \$600.

Bobtail Insurance

This insurance is for when an operator drives for a business-related transaction without the tractor dragging a load. It can pay for accidents happening when operators travel between jobs.

Listed below are examples of accidents that could activate the bobtail insurance:

- In route to pick up the first cargo
- On the way to pick up the next load coming from a fresh unloading
- Getting back to the office or home from a delivery

Bobtail insurance is sometimes confused with non-trucking liability when the former covers business-related driving while the latter activates during personal use. This type of insurance ranges from \$350 to \$400.

Non-Trucking Liability Insurance

This insurance provides coverage for truck drivers during

trips intended for non-business purposes. If a driver was running a personal errand and met an accident on the way, non-trucking liability pays for the medical expenses and repairs in case of property damage.

When non-trucking liability insurance is partnered with bobtail insurance, drivers are protected both in situations involving business and non-business activities.

Physical Damage Insurance

This insurance protects a driver when certain accidents cause physical damage to the truck. It is not required on the law to carry physical damage insurance, though it could be part of investment costs by truck lenders.

Physical damage insurance may be determined as either **collision** or **comprehensive**. Collision-based insurance pays for damages incurred when a truck slams with another vehicle. Non-occupational events such as hail, theft, vandalism, and natural disasters cover payment under comprehensive-based insurance.

This type of insurance costs \$1,000 to \$3,000.

Motor Truck Cargo Insurance

Items lost or damaged during freight is also protected under insurance called motor truck cargo insurance. Most often, when goods for delivery are insured, customers are guaranteed a return. This type of insurance is best applied to high-risk, high-value goods.

Workers' Compensation Insurance

When employees experience work-related injuries or illnesses, they can cover medical costs with the worker's compensation insurance. Lost wages due to hospitalization are also covered under this insurance policy. This insurance is mandated by law

for owner-operators and motor carriers with employees.

Other Commercial Truck Insurance Coverages

- Hazmat Truck Insurance
- Limited Depreciation Coverage
- On-Hook Coverage
- Optional Downtime Coverage
- Passenger Accident Insurance
- Trailer Interchange Agreement Insurance
- Umbrella policy
- Livestock Cargo Insurance
- Uninsured & Underinsured Coverage

What are the factors affecting the cost of trucking insurance?

Certain factors should be taken into account to determine how much trucking insurance is. Vehicle owners may consider more weight on business-related risks while some may invest in insurance with non-trucking coverage.

An annual semi-truck insurance may cost from \$1,500 to \$2,000 for leased owner-operators. Authority-based owner-operators are quoted with policy ranging from \$8,000 and \$12,500 annually.

Before deciding what policy to invest in, vehicle owners will need to look into these factors to align their expectations on the value of investment required to allot in a policy.

Location

Rates on commercial truck insurance may be affected by the vicinity or state where a business is situated. For example, locations that are often visited by natural disasters such as

typhoons, floods, and hail may charge extra for policies.

Cargo

Insurance companies survey the kind and value of cargo being transported by a business to assess costs needed to replace them in case of deterioration. If a business is delivering riskier cargo, it will be charged with a more expensive policy than a company moving fresh produce.

Type of Truck

The classification, age, and model of truck affect the pricing of the policy. A semi-truck is costly to insure than light pick-up trucks. In addition, old trucks can be easily replaced once they are worn out, so they may be cheaper to insure.

Operating Radius

Vehicle owners who are servicing customers outside their local area pose higher risks due to longer drive hours and more route options. Operators with operating radius locally are expected to save more on their insurance policy.

The legend below specifies if a business has an operating radius in local, intermediate, or long distance.

- Local – No more than 50 miles of traveling
- Intermediate – 51 to 100 miles
- Long Distance – Over 200 miles

Driving History

A [truck driver](#)'s driving history can impact the relative cost of an insurance policy. Any record of violations and accidents increases the policy because vehicles carrying cargo are large and highly prone to road accidents.

Deductions

Vehicle owners willing to pay a higher deductible on their policies will have lower premiums.

Credit History

Credit history can be an indication to determine if an owner-operator is a good risk for insurance companies. A good credit report will adjust a policy's premium in favor of vehicle owners.

What type of trucks are covered by insurance?

Listed below are classification of trucks covered by Commercial Truck Insurance:

- Semi-trucks
- Box trucks
- Tow trucks
- Dump trucks
- Tankers
- Flatbed trucks
- Garbage trucks
- Vehicle haulers

Are there minimum insurance requirements on trucking insurance?

The Federal Motor Carrier Safety Administration (FMCSA) issued minimum insurance requirements on all applicants for freight forwarder and motor carrier. Basic coverages for commercial truck insurance are classified below:

For commercial trucks over 10,000 pounds:

- Cargo – \$750,000 (non-hazardous items)
- Passengers – \$5,000,000 for vehicles with capacity of more than 15 people.

For commercial trucks over under 10,001 pounds:

- Cargo – \$300,000 (non-hazardous items.)
- Passengers – \$5,000,000 for vehicles with a capacity of more than 15 people.

For commercial trucks transporting hazardous materials, an estimated coverage between \$1 million and \$5 million is needed.

How to save money on choosing commercial truck insurance?

Commercial trucking insurance is a sure investment for business owners. Potential risks are involved in transporting cargo, so choosing the best insurance policy may be a safety net to reduce meltdown. But protection from these risks should not put the trucking industry on the ledge.

Several ways can be followed to bring down the insurance premiums without a compromise on value:

Choose automated payment

Avoid those “ghost fees” by paying electronically while staying on schedule with monthly payments.

Stick with one insurance company

Choose an insurance company with a holistic policy that could be applied to several trucks. Bulk insurance policy carries with it a big discount.

Administer safety protocols/programs

Improve employees' safety knowledge through proper training and programs. Through this, the expectation of damages in the future are lesser, making owners adjust their policy wisely.

Keep a maintenance program

When a trucking business has a strict maintenance program in writing, insurance companies could adjust the insurance policy, bringing a 5-percent off on the total cost.

Increase deductibles

Paying out big money upfront through increasing deductibles should decrease the premiums on an insurance plan.

Maintain a stellar driving record

A good driving record could impress insurance companies and could factor in lowering the value of the policy.

Conclusion

Vehicle owners with trucking businesses should think ahead in estimating the value of their insurance policy. Proper planning and surveying can put weight on the table in choosing the best policy to invest.

Although insurance policies are unique for every trucking business, owners can employ significant ways to lower the total cost. Owners should also opt for an insurance company that will understand the business's needs and offers [cheap truck insurance](#).

In a business such as the trucking industry, protection against unforeseen events can save the company and customers' interest. Thus, owners should pay for the service of licensed

commercial agents to tailor a policy that will cover each business's needs with the best coverage.

Do you have any questions? Comment below!