



For a Better Result.....

Urgent Bulletin for Taxi Operators

One of the major items of expenditure for operators is the cost of insurance for your vehicles.

The risks are too great in not having cover, so unfortunately, it is an expense that can't be avoided. However, the cost of insurance can be reduced, and reduced *significantly*, if you know how.

It is necessary to first look at some basic principles underlying insurance.

Centuries ago, a bright group of people decided that a good way to make money, and to provide a useful service, was to offer cover for various types of insurance risk. The idea was that if a large pool of customers paid in money (premium), this money would mount up, and be available to pay out those who were unfortunate enough to suffer loss.

Some of us make more claims than others, and so the risk is spread out over this pool. It is a "win/win" because the people behind the pool make a profit, and those who contribute have security to protect them in the event of a loss situation.

It goes without saying that the insurer wants there to be less claims paid out than premium collected, in order to make a (significant) profit.

The problem for the Taxi Industry is that you are regarded as a *separate* pool to the normal motor pool, so your risk is not spread out over a larger pool, like it is for an ordinary car.

Because a cab is on the road for a significantly longer period than an ordinary car, it is bound to be involved in more collisions. This is regardless of whether the event is "at fault", or "not at fault". It is simple statistics, and we see these figures confirmed on a regular basis in the large fleet operators. It doesn't matter how good your drivers are – they can't avoid some collisions.

If every time you have an accident you claim on your insurer, the insurer will quickly "run out of profit" for you and want to significantly increase next year's premium. This is assuming it even wants to cover you again. In the end, you can say the insurance company is concerned more about what its board of directors say (and get paid) than providing you with a better deal.

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BUT THERE IS AN ANSWER!

By regarding insurance as being there only for catastrophic (or very large) losses, you will maximise its effectiveness, and *significantly reduce* the cost to you.

You can do this by using some or all of the following techniques:

- Increase the size of your excess – in the event of a claim, you pay more of it;
- Increase driver training so in the event of a crash, recovery prospects are better;
- ***Have in place an efficient and effective recovery protocol.***

On that last point, if you are able to recover from the at fault party your losses, without reliance on your own cover, you will find that there will be very few instances where a claim needs to be made at all. This is going to save you a fortune. But reliance on insufficient, slow or incompetent claims recovery procedures will cost you money. Only an expert solicitor can take you claim as far as is necessary to achieve your end.

The follow on from that is that if all operators reduce their reliance on insurance, then less claims are made, less premium is “used up” and so there is *downward* pressure on premium.

If you would like more information about efficient and effective recovery systems, contact us at **rb lawyers**, and **save a significant amount of money every year.**

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