

# IMPORTANCE OF DESIGNING THE RIGHT INSURANCE COVER

Sanderson Insurance Brokers is dedicated to providing clients tailored insurance coverage. The Sanderson team has been providing advice to their clients for decades, helping them better understand their own businesses by pointing out the risks and potential exposures that are associated with their activities.

**ANDREW BRAMBLE IS A SENIOR BROKER** for Sandersons and comes from a family dynasty of mobile plant related insurance businesses.

Bramble started working in the insurance industry straight out of

high school. His father was one of the founders of Sanderson Insurance Brokers and he who suggested Andrew should get into the industry, give it a go and to see how he liked it. That was 17 years ago, and he's been working in it ever since.

"My father always impressed on me the importance of insurance and how we as brokers can help our clients and help their businesses grow. This is something that has stuck with me throughout my career to date. It is an industry I enjoy working in," said Bramble.

Sandersons was started in 1972 as an insurance brokerage, subsequently the management at the time saw a gap in the mobile plant and machinery market, there wasn't a combined single policy for a business to go to, they had to buy separate coverages. As a result of this, the management developed a product and formed Underwriting Agencies of Australia (UAA) in 1988 as a standalone under writing agency.

Being a senior broker for Sandersons entails working day to day with clients, looking at renewals, working on new business and assisting with claims, pretty

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much everything to do with the business.

“Having started UAA, in 2008 the businesses were separated and went under separate ownership. I stayed with the Sanderson side of the business and UAA has evolved separately in the mobile plant and crane insurance markets.

“As a broker we have close relationships with a number of insurers including UAA. In the crane sector and depending on the size of the business what type of equipment a client has, there are usually several options which will suit, and not one insurer is the best option for all of them. Sometimes it pays to have a look around the market. I prefer to use local, Australian based insurers, where possible, rather than going to an overseas market,” said Bramble.

In terms of insurance, running a crane hire business can be a complex process. A business isn't simply running and operating cranes, there is associated equipment with a crane fleet including trailers and prime movers, rigging and inherent risks in each of these areas. Bramble explains how Sandersons will work with a client to ensure they have the right levels of insurance cover.

“Ensuring the right cover is in place comes down to knowing the client's business, the size of the business and the range of equipment they operate. It is then up to us to structure the policy in a way that will appropriately cover the equipment. This can also involve cover for the equipment the client has on site operating alongside the cranes.

“It is important to have a tailored policy to cover this and not just be limited to being covered whilst attached to the crane. One of the benefits of an industrial special plant policy is we can cover associated equipment, including the trucks, the trailer, the rigging gear and counterweights.

To better understand the client's business, Bramble and his team prefer to sit down and meet clients, preferably at their depot or site. This provides an opportunity to understand what is included in the fleet, the values of the equipment, ensuring everything is covered appropriately and structure a policy in the

right way.

Given the complexities of the sector and with each client requiring different and varied amounts of cover, Bramble illustrates the common mistakes crane operators make and how Sandersons is capable of resolving these.

“In my opinion, the main mistake clients make is not having a close relationship with their broker. A broker should understand their business and what they want covered.

“A broker should be discussing the client's business plans and understand how a business might grow throughout a year and the impact this will have on the structure of a policy or what covers are appropriate for them.

“It helps if we understand what plant and equipment the customer is planning to buy because some insurers may not cover the larger types of equipment for example. In the current market a number of insurers may not have the capacity for the larger equipment, so having a transparent relationship with your broker can be of significant benefit and critical to ensuring the policy is set up in the right way,” said Bramble.

“Purchasing a standard policy may not always suit. There are limits that can change and alter so buying a policy off the shelf doesn't have to stay that way. A broker will review the coverage and see that certain extensions aren't enough. It is always good to have the conversation around extending and increasing them.

“It is also very important to discuss contractual liability matters with your insurance broker. It is much better to have a conversation prior to an issue, rather than relying on the policy to respond after there is a problem. A client may have signed a contract that may be inappropriate and include clauses on the client that may prejudice their insurance. It all ties back to having a strong and transparent relationship with the broker,” he said.

Bramble provides his opinion on why crane hire businesses might be reluctant to develop a relationship with an insurance broker.

“There are a number of reasons why

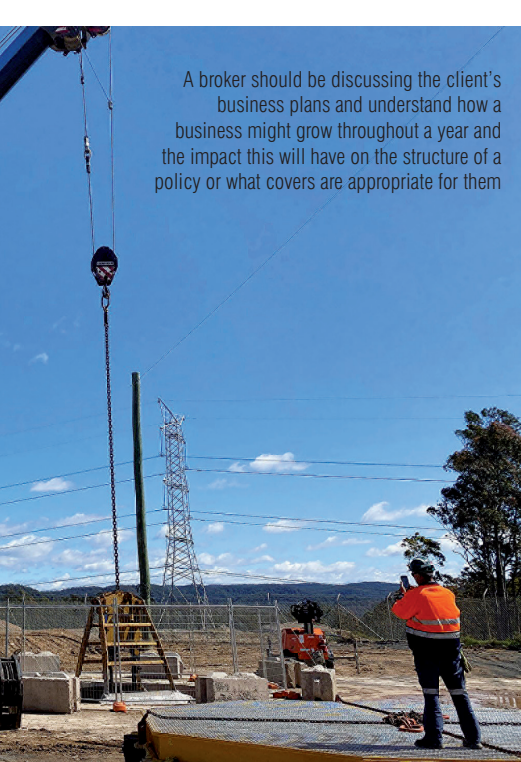


this doesn't always happen. It is a busy industry, and the management of these businesses are time poor and simply don't have the time to develop a relationship. Trusting insurers is another issue and crane business owners view insurance as something they have to pay for. They should be examining the right way to structure the policy and be confident they are buying the most appropriate policy, not just buying insurance on price,” he said.

“The right relationship with the right broker will lead to a client having the correct levels of coverage in a policy designed specifically for their business. It is important for a broker to know what the customer expects and what they want covered in the policy. It is critical for a client to understand the terms of a contract and to discuss these with his broker says Bramble.

“Understanding the implications of a contract prior to signing is critical. Trying to rectify an issue after the event can really prejudice a business's insurance. Getting your broker involved from the beginning will assist in this process.

“With some of the larger capacity cranes there are obviously bigger risks. If a client signs a contract which prejudices their insurance, they may find the insurer won't respond to a claim because of the position they have been put in. With the larger equipment and the size of the claims that can come with these risks,



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you will find the number of insurers and the number of policies appropriate for them is very limited. So, if a large crane is involved in an incident, as the industry has found recently, insurers don't have the premium pool to cover them, and it causes an issue for the whole the industry," he said.

Bramble explains more about the relationship with UAA the benefits of working with a local insurer.

"Having a close working relationship with the individuals within the UAA team is very helpful. In the event of an incident, we can get speak to them immediately and get the claim underway. It is the same on the underwriting side of things, it is really handy to have a local team and have them ready to assist. It is hard work relying on an insurer that is offshore and not always available when you need them to be.

"In this industry it is critical that the insurer is responsive enabling us to get claims started straightaway. Having UAA in Newcastle is also a benefit. It provides us with the opportunity to meet face to face through regular meetings, where we can discuss industry issues as they arise, and they will run issues by us around how they might re-structure a policy or how they might reword different clauses. The depth of the relationship with the UAA team is very helpful and can only help our customers in the long run," he said.

Bramble discusses the evolution of the crane sector and the insurance policies

required to cover the changes which include, larger capacity cranes conducting fewer but heavier lifts. Projects planned around the availability of larger capacity cranes and a backlog of projects waiting to go as a result of COVID delays.

"I would say to clients looking to expand into the larger capacity cranes, it is critical to have that conversation with your broker, outlining the direction in which you see your business heading in the future. You should be reviewing your policy and examining the limits of what you might be lifting and the industries that you will be lifting in, then examine how you should structure the cover in the most appropriate way.

"Often the standard policy coverage isn't sufficient for these high value cranes and a tailored solution is important. I think stressing to the greater crane hire industry, if something isn't right on site don't just go ahead with a lift. Make sure everything from safety plans and lift studies have been checked off. Limiting exposure is something we have seen from a couple of large losses in the larger capacity cranes has had some direct impacts on the crane insurance market," said Bramble.

"If the capacity of these cranes keeps growing and the value of them keeps growing it is possible that as insurers, we will need to assist clients in reducing their exposure and trying to prevent claims going forward so that insurance is still viable. It comes down to taking care and not rushing jobs on site. We see that businesses that put good safety practices in place really helps to reduce their risks and reduce the likelihood of claims occurring," he said.

George Grasso, UAA Group – Chief Claims and Service Officer for UAA Group, identifies a number of key issues crane hire businesses should be raising with their brokers. COVID has had a significant impact on the value of some machines. Due to the unavailability of new machines, and with high demand and low supply overlayed by freight/shipping cost increases and delays, Market Values of machines have been significantly impacted. This especially

applies to some makes and models in the crane sector.

It is really important that brokers and clients work closely on their insurance renewal intervals to ensure their Sum Insured amount of their assets is reflective of current market values. If they don't, they might find themselves underinsured at the time of a loss. Or in some cases over insured when the indemnity is only Market Value.

Another important point relates to current weather patterns in several parts of Australia's east and south coast and New Zealand. These areas are going to be heavily impacted by 'La Nina' and there is a high likelihood this weather pattern with bring flooding at short notice.

With the short supply of machinery and parts, both in the second-hand and new crane markets of Australia and New Zealand, it is critical for customers to be vigilant in mitigating loss and getting machines to high ground if imminent flooding is expected.

In addition, ground conditions will dramatically change, even in areas that are familiar to site managers/supervisors, operators, dogmen and riggers. The conditions beneath the surface of a commonly known site may have dramatically changed due to the amount of rain fall during 'La Nina'. Greater emphasis on ground testing and overly precautionary ground and outrigger matting preparations will help prevent the levels of risk and loss to a business and the industry as a whole.

Sanderson clients are predominantly on the east coast although they do have national customers.

"Our customers are predominantly in New South Wales. We have long term history in crane insurance, and we do have close relationships with our clients which really helps us to understand their business and provide the cover they need. We don't limit ourselves to an area or a region, we are just happy to help people who want the right levels of cover and are prepared to have the conversation and a good relationship to ensure they are covered in the right ways," said Bramble. ●