

Understanding the Owner-Operator Model

True Transport Insure

What We'll Cover Today

- Asset-Based vs. Non Asset-Based Trucking
- Owner-Operator Model
- Lease Agreements
- Key Coverages
- Underwriting An Account
- True Transport Insure Overview

The Owner-Operator Model



Asset-Based Trucking vs. Non Asset-Based

- Asset-based companies
- Non asset-based companies
- Mixed fleet
- What is a contract driver?
- What is a company driver?
 - Pitfalls of not knowing
 - E&O exposures if place the wrong coverage



Understanding the Owner-Operator Model

Model builds flexibility and resiliency into the trucking industry — must understand the difference to avoid pitfalls

Owner-Operator

- Independent contractor that functions as a business owner and not an employee
- Must own vehicle or have option to buy
- Responsible for all expenses

Contract Driver

- 1099 driver who drives company vehicle
- Doesn't pay for cost of vehicle
- Leasing a vehicle without ownership option

Company Driver

- W2, employee driver of motor carrier

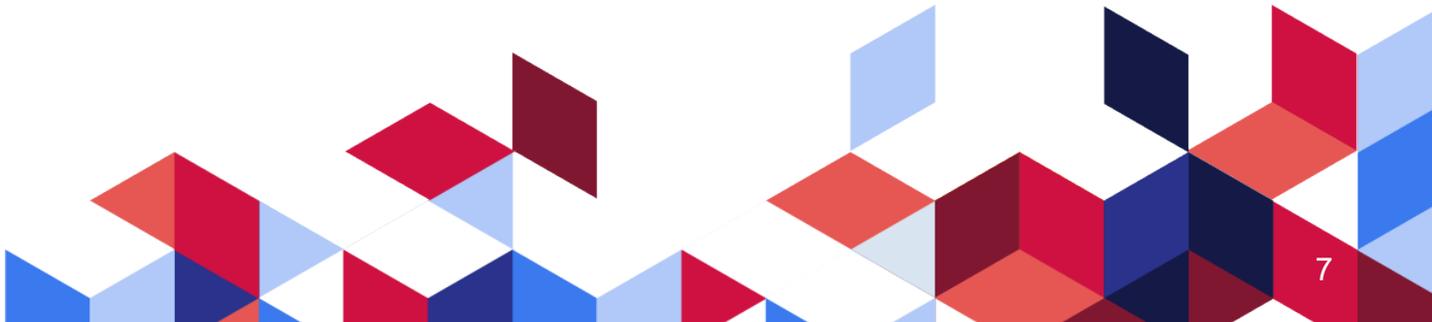
Lease Agreements

- Having a properly written lease agreement is imperative to the owner-operator model and non-asset business
- Should define roles of both parties
- State the owner-operator is an independent contractor
- Define expenses paid for by each party
- Prospect should always seek legal advice in developing and implementing a lease agreement
- Must be uniform amongst all drivers
 - If changes are made, all drivers must sign off on the changes



Insurance Coverage Owner-Operator Should be Buying

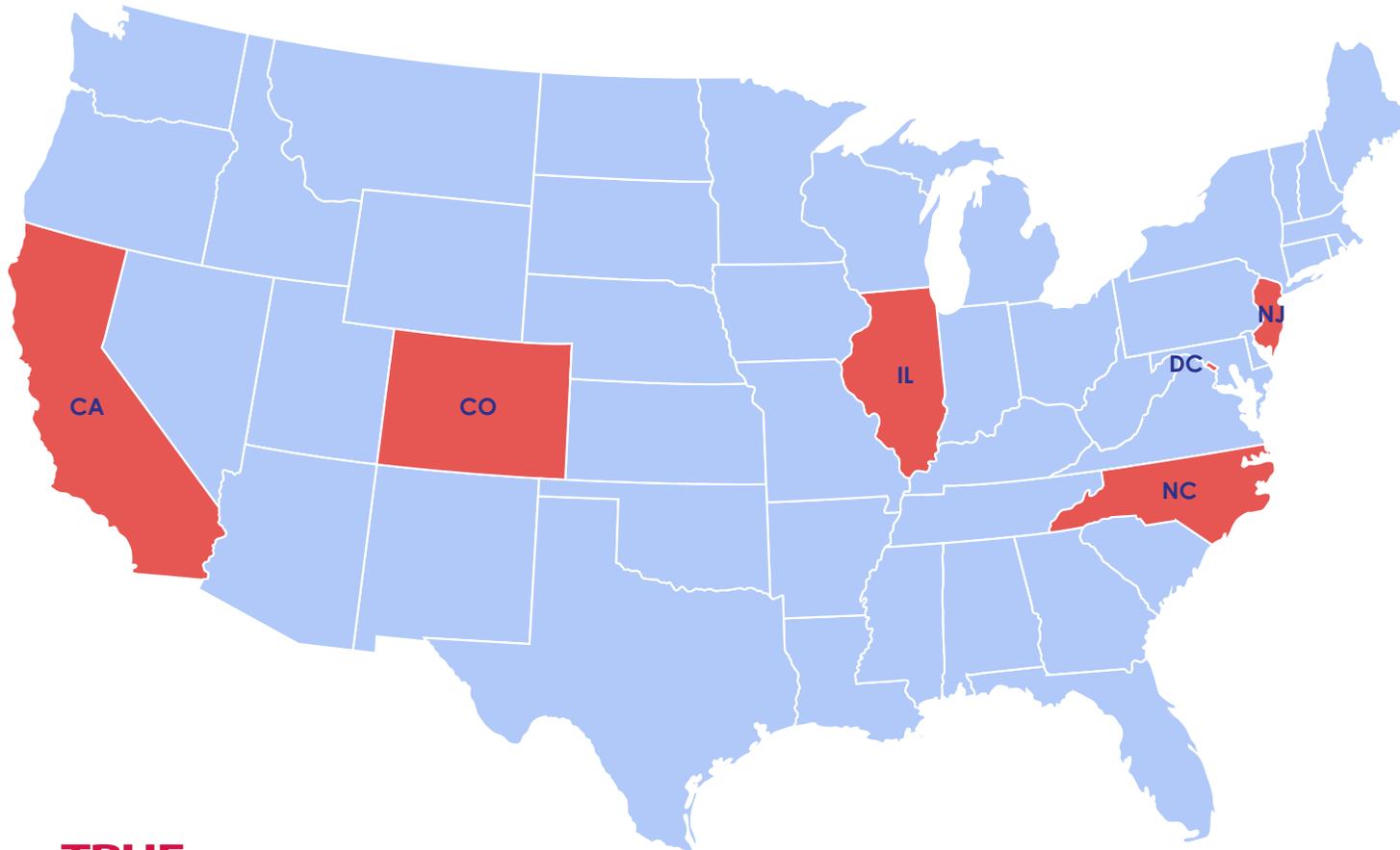
- Occupational Accident or Workers' Compensation
- Non-Trucking Liability
- Physical Damage
- Health coverage is changing as we speak



Occupational Accident and Contingent Liability

- Occupational Accident
 - Responds to injuries similarly to Workers' Comp but is different
 - AD&D, short and long-term disability coverage
- Coverage purchased by the independent contractor
- Payment is made via settlements and a sponsored program
- Contingent liability
 - Defends trucking customers against workers compensation claims of an owner-operator
 - Works in conjunction with occupational accident
- Trucking company purchases CL
 - Policy is written in their name

Navigating E&O Exposures



- Providing incorrect coverage
- Difficult states
 - New Jersey
 - North Carolina
 - DC Metro
 - IL
 - CO
 - CA

Why Occupational Accident?

Occupational Accident Should Be In Your Toolbox

- 40% savings from comparable Workers' Compensation policies
- Motor carrier deducts monthly premium from ICs, the motor carrier does not incur a monthly premium like they do for Workers' Comp
- Drivers who received full coverage for workplace injuries are less likely to seek Workers' Comp benefits
- Creates an environment where everyone wins
- Indicates a mature, professional motor carrier

Occupational Accident Policies

What Does It Cover?

Medical, Disability, Death and Dismemberment benefits for accidents that occur on the job

Rate is typically between \$125 - \$180/month per driver

Rating depends on key areas, such as loss history, situs state, products hauled, loading/unloading, type of tractors used

Complete Submission: application, owner-operator schedule, sample owner-operator contract, loss runs

Monthly reporting of enrollment

Contingent Liability

Why Is It Needed?

- Provides defense to the motor carrier when a qualified independent contractor attempts to collect Workers' Compensation benefits as an employee
- The carrier has the duty to provide legal defense for the motor carrier against these claims
- Should the driver be deemed an employee, the carrier will provide benefits equivalent to those payable under the Workers' Compensation statutes and Employers Liability Law
- NOT a substitute for Workers' Compensation
- Generally \$1,500 - \$2,500 annually

Non-Trucking Liability & Physical Damage

- NTL
 - Coverage for the owner-operator when they are not under dispatch
 - Purchased by the Independent contractor
- How to Broaden Coverage
 - Endorsements can broaden coverage to reduce exposures to the AL
- Physical Damage
 - Protects the owner-operator's vehicle in the event of an accident
- Deductible Options
- Endorsements
 - Endorsements are available for Downtime, personal effects

Understanding and Underwriting an Account

- Key elements underwriters are evaluating on a risk
 - What does the motor carrier haul?
 - How large is the owner-operator population?
 - Where is the population (region, states)?
 - Is this a new program, replacement or takeover?
 - What is the fleet?
 - Intermodal
 - Box
 - Reefer
 - Flatbed
 - Tankers
 - Who owns the vehicles?

Why True Transport Insure?

Who We Are



True Transport Insure is an elite program built by NSM Insurance Group — the nation’s leading provider of specialty insurance solutions for more than 30 years.

We design, implement and manage **owner-operator programs**

We partner with more than **20,000 owner-operators**, ranging in fleet size from 10 - 5,000

Our **proprietary technology** administers owner-operator programs for both agents and insureds

We have a footprint in all **50 states**

We write with nearly **every competitive occupational accident market**

Since our founding
30 years ago, we
have grown and
evolved into the
industry's premier
provider of specialty
insurance programs.



The Leader in Specialty

NSM Insurance Group is the nation's leading specialty insurance provider — exclusively focused on building successful insurance programs.

We fuel market growth through:

- Innovative program development
- Expert underwriting
- Unparalleled distribution
- In-House Claims Team

TTI Coverages

- Our program is the single source for motor carriers and their owner-operators:
 - Physical Damage
 - Downtime, GAP, towing, electronics coverage options
 - Non-Trucking Liability (Bobtail)
 - Occupational Accident with Contract Liability
 - Major Medical and Mini-Med options
 - Workers' Compensation

**We Access A
Rated Markets**

TrueAdvantage™

Let Us Do The Work

- Powered by proprietary technology, our state-of-the-art TrueAdvantage™ insurance management system frees agents and insureds from the burden of administering owner-operator programs
- Leveraging this turnkey solution, our team handles the administrative process seamlessly from start to finish:
 - Collecting all applications
 - Adding/deleting drivers
 - Issuing Certificates of Insurance
 - Coverage verification
 - Monthly reporting
 - Claims reporting
 - Itemized billing



You will
matter
to us.



Let us do the heavy lifting.



Industry Expertise

We know the best ways to protect motor carriers and owner-operators because we have been doing it successfully for 20 years. With extensive knowledge of the unique needs, coverages, regulatory environment and emerging trends affecting the industry, our experience and expertise has earned us a reputation as agents' provider of choice in the trucking space,

Technology & Innovation

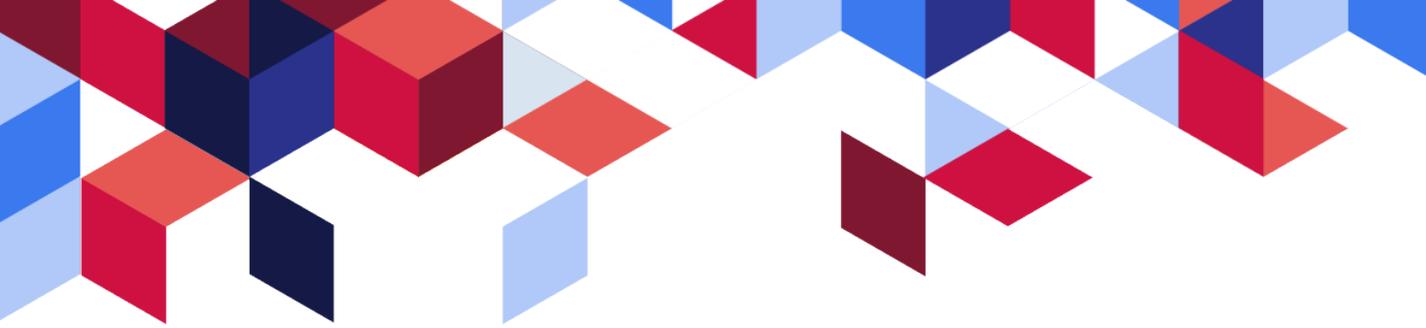
Working smarter pays off all around. That's why we invest in advanced technology to make your life — and your insureds' lives — easier. Our TrueAdvantage™ insurance management system is a competitive differentiator in the market that frees you and your clients from the typically burdensome process of managing owner-operator programs.

Market Access & Leverage

Not only do we have established relationships with a deep bench of top-rated carriers across the country, our volume within this niche demands the best from these markets. When you work with us, you get access to the whole marketplace for owner-operator insurance across all 50 states, multiple competitive quotes and a team that will close the best deal for you and your insureds.

Creativity & Flexibility

While we are well-established in the industry, we remain committed to being nimble and flexible to help ensure you can meet the individual needs of your clients. We approach challenging situations with creativity and will always work with you as a true partner to get the job done.



The Experts in Trucking



Reach Out to Learn More About Our Owner-Operators
and Occupational Accident Coverage Options

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Thank you!
Questions?

