

New Venture Trucking Guide

Below is some information we've put together that you may find helpful. Feel free to ask us any questions.

www.redgormaninsurance.com

[3200 S. Lancaster Rd 152a, Dallas, TX 75216](https://www.google.com/maps/place/3200+S.+Lancaster+Rd+152a,+Dallas,+TX+75216)

[214-888-2238](tel:214-888-2238)

HOW TO GET MY MC AUTHORITY ACTIVE

Now that you have your USDOT # and have applied for your MC authority, you need to follow a few steps in order for your MC operating authority to be activated.

One important thing to note... the FMCSA requires a 21-day vetting and protest period before your MC is eligible to become active. With this being said, we don't typically recommend starting an insurance policy until on/after 3 weeks from the date you applied for your authority. This way you aren't wasting money on insurance for several weeks when your MC isn't even eligible for activation.

GET INSURANCE

Getting trucking insurance is often a big hurdle to get over for new trucking companies. It's important to work with an agent that not only specializes in this industry but that's also partnered with multiple insurance companies to get the best quote. You want to make sure that your agent has the insurance company file the BMC-91/MCS90 with the FMCSA under your authority.

File BOC-3 Paperwork

BOC-3 paperwork must be filed through a process agent. The FMCSA maintains a [list of process agents](#) who are able to accurately complete this filing. The BOC-3 paperwork assigns the process agent the authority to accept legal documents on behalf of your trucking company in each state you are authorized to do business. An easy one that we recommend is <https://www.boc3processagents.com/>

File UCR

The UCR (Universal Carrier Registration) is a permit verifying that you have active insurance coverage in the states you operate in. Your MC number and USDOT number are required before applying for your UCR. Operating without the UCR permit is severely penalized so be sure not to skip this step.

Pay HVUT

HVUT is the Heavy Vehicle Use Tax. The tax is assessed on all heavy vehicles that operate on public highways. To file you'll need to fill out and submit form 2290 to the IRS. You cannot register for IRP (International Registration Plan) until you have submitted your form 2290. The amount you pay is dependent on where and how far you've transported cargo.

Register for IRP

The IRP (International Registration Plan) is an agreement by the 48 contiguous states and Canada, granting carriers a license to conduct interstate transport (also known as apportioned plates). If you need help completing this step, consult the IRP website. Keep in mind, IRP registration is required for setting up your IFTA account.

Set Up IFTA Account

IFTA (International Fuel Tax Agreement) is a similar agreement between the 48 states and Canada for the purpose of collecting fuel taxes. To remain compliant with IFTA you'll need to file quarterly returns in your home state. Some states require additional permits in addition to IFTA. To make sure you have all your bases covered when it comes to permits, familiarize yourself with the regulations of each state you plan to operate in.

Enroll in a Drug and Alcohol Testing Program

After you've obtained your MC authority, USDOT number, and all the relevant permits, you must complete this final step before you can take your first load. The FMCSA requires every driver with a CDL to enroll in a drug and alcohol testing program. The rules established by the FMCSA and USDOT cover testing, substances tested for, and test frequency. The FMCSA maintains detailed instructions covering the rules and how to remain compliant with their drug and alcohol testing requirements.

ELD'S

Below is a chart of a few ELDs we recommend checking out along with some of their features to consider. Most of our clients seem to be very happy with KeepTruckin/Motive but there are several to review

	Garmin Elog	Motive (formerly Keep Truckin)	Samsara	BigRoad
Website	Link	Link	Link	Link
Price From	\$249.99	\$150 upfront + \$25/month	\$99 upfront + \$35/month	\$25/month
Benefits	One time purchase with no subscription fees	Vehicle diagnostics, fast GPS, user friendly	Idle Time Detections, GPS tracking	No upfront cost
Nice Perks	Monitor eLogs from the free Garmin app	Automate your IFTA reports	Driver behavior monitoring	BigRoad Freight Load Board included

FREIGHT LOAD BOARDS

Load boards (also commonly referred to as freight boards) are online marketplaces that you can think of as matchmakers for owner/operators and shippers/freight brokers. They allow these parties to find each other and form an agreement so freight can be moved from A to B. If you're an owner-operator or have a small fleet of trucks without dedicated lanes, load boards are essential for your trucking company to move freight.

Are they worth using?

Unless you have contracts set up with direct shippers that are able to keep your truck(s) busy on the road, load boards are going to be your best option when trying to find freight to haul. There are thousands of brokers and shippers out there looking to move freight around the clock. The end goal for most trucking companies is to build a good relationship with a few shippers that you initially found through a load board and continue working with them directly in the future. This can help increase your margins as the broker's cut isn't taken out if you're working directly with the shipper.

Are they free?

While some are, your overall experience might be better working with the ones that have a subscription service as they typically have more features than the free ones. Most have plans starting around \$40/month.

Can I trust the brokers?

One thing to keep in mind is that the brokers you're working with through the load boards are essentially strangers to you. They don't know you and you don't know them. You can use websites like <https://brokercreditchecks.com/> to try and search the history of brokers out there. Some of the subscription-based load boards do provide special features within their platform that can help you have

better understanding of a broker's history. For example, when you're viewing a load on the Truckstop load board, you'll see a "Date-to-pay" chart along with "Credit Stop" for the broker on the load. The "Date-to-pay" can give you some confidence in how quickly you'll be paid by the broker once the load is delivered. The "Credit Stop" is based on many factors such as the broker's pay history, verified carrier references and number of years working with Truckstop

What are some free load boards I could check out?

- [CH ROBINSON](#)
- [SCHNEIDER](#)
- [NEXTLOAD](#)
- [123 LOADBOARD](#)

What are some subscription-based load boards I could check out?

- [DAT](#)
- [TRUCK STOP](#)
- [CENTRAL DISPATCH](#)

Will brokers work with me if I'm a new carrier?

While there are many hurdles to jump just to get your trucking company started, one of the biggest can be finding brokers that are willing to work with you. Below is a list of brokers that are willing to work with new carriers. While it's not an all-inclusive list and brokers are frequently changing their requirements, it's a good place to start if you're a new carrier.

- Convoy
- Uber Freight
- Jbhunt 360
- Amazon Relay
- Total Quality Logistics (TQL)
- KCH Transportation
- England Logistics
- TSL Transportation
- CH Robinson

HOW TO GET STARTED WITH AMAZON?

Once you meet all of the requirements asked for by Amazon (check out our article here [Amazon Relay INSURANCE REQUIREMENTS](#)) you're ready to apply for an Amazon Relay.

Go to <https://relay.Amazon.com/> If you currently have an Amazon account you can use that login. The application will ask you for the information below:

- USDOT and MC #
- Your company details
 - Make sure the information inputted here matches exactly what's shown with the FMCSA. If not your application may be delayed. Verify here <https://safer.fmcsa.dot.gov/CompanySnapshot.aspx>
- Information on your truck
 - Enter # of trucks/trailers you'll be operating with. It'll ask you for the type as well (Day Cab/Sleeper Cab/Box Truck/Dry Van or Reefer Trailer)
- Insurance Company Information (IMPORTANT)
 - For the "Insurance Company Name", make sure to enter the exact name of the insurance company on your policy (refer to your certificate of insurance) and not the name of your insurance agent. I only say this as we've seen many clients list "Red Gorman Insurance" here and it causes a delay.
 - The "General Liability Aggregate" and General Liability" will be the same insurance company and policy # as both lines of coverage fall under one policy.
 - For the email and phone #, enter your insurance agent's best contact information for certificates of insurance.
- Payment Information
 - You'll want to enter the appropriate banking information here so Amazon knows where to direct payments for completed loads

Once Amazon receives your completed application it should be approved or rejected within 2-4 business days. The most common delay is for validation of insurance (this is where your agent and Registry Monitoring Insurance Service (RMIS) comes in to play.

RMIS is the compliant management service that Amazon uses for insurance verification. Once you complete the Amazon Relay application, Amazon will have RMIS email your agent for proof of insurance using the email and phone # you provided. If the proof of insurance provided by your agent doesn't match what you entered in your Amazon Relay application, this will delay your approval. To make sure this doesn't happen it's best to request a certificate of insurance copy from your agent so that you can use it while completing the application. This way you are certain it matches. See below a COI example. The insurance companies will be listed as "Insurer A, Insurer B, etc..." and the policy # and coverage associated with that company will be listed below.

TRUCKING INSURANCE PAYMENT PLANS

When it comes to paying for a commercial trucking insurance policy, you'll start to notice that some insurance companies will offer a direct bill option while other policies must be paid through a premium finance company. Below you'll see an explanation of each option.

Direct Bill

This type of billing option is offered by only a handful of insurance companies that offer a commercial trucking policy; Progressive Insurance is one of the few. With this type of billing, the insured will receive their monthly bill directly from the insurance company and will make payments directly to the insurance company. When this type of bill option is available it's typically preferred over insurance premium finance

Insurance Premium Financing

It's more common for trucking insurance policies to be premium financed as many insurance companies don't offer a direct bill option. Premium financing allows the insured to make a down payment for the policy and the remaining premium to be financed in monthly installments

What's the upside to Premium Financing?

When a policy must be premium financed, the biggest upside would be a lower down payment percentage to make it easier to get the insurance policy started. Direct bill options are great as you don't have to worry about the additional interest charge but often the down payment could be upwards of 25% of the overall policy premium. Red Gorman Insurance has been able to offer down payments as low as 15% through premium financing. While many factors come into play when we offer a premium finance quote on an insurance policy, we've partnered with some of the best premium finance companies out there to make sure we're able to offer the most affordable option to our clients. We

understand that as a business you already have plenty of overhead costs to worry about so it's important to us that we help you save some money any way we can.

Are there any drawbacks to Premium Financing?

When you're reviewing a quote that has to be premium financed, one thing you'll need to keep in mind is the additional finance charge (APR % rate) included in the agreement. You'll need to take this into account when considering the overall cost of the policy as it will be on top of the insurance premium.

WHAT'S A RATED INSURANCE MEAN?

It's become a common theme in the trucking industry for people to ask for a quote from an "A-rated" insurance company and brokers want to verify that a carrier's insurance is with an "A-rated" insurance company.

Have you ever wondered why or if a "B-rated" insurance company is bad? Below we're going to answer some common questions about insurance company ratings. Hopefully, you'll be able to take away a few things from this article and have a better understanding of these ratings.

Who's giving these ratings?

The agency that most brokers/shippers will check to verify the insurance company's rating is <https://web.ambest.com/> Below is their scale and the definition of each rating.

Best's Financial Strength Rating (FSR) Scale			
Rating Categories	Rating Symbols	Rating Notches*	Category Definitions
Superior	A+	A++	Assigned to insurance companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
Excellent	A	A-	Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
Good	B+	B++	Assigned to insurance companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Fair	B	B-	Assigned to insurance companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
Marginal	C+	C++	Assigned to insurance companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
Weak	C	C-	Assigned to insurance companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
Poor	D	-	Assigned to insurance companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.

* Each Best's Financial Strength Rating Category from "A+" to "C" includes a Rating Notch to reflect a gradation of financial strength within the category. A Rating Notch is expressed with either a second plus "+" or a minus "-".

How are insurance ratings determined?

As stated on AM Best's website, *"Our credit ratings are independent, indicative and interactive, and summarize our opinion on an insurance company's ability to pay claims, debts and other financial obligations in a timely manner.* Besides AM Best, there are other organizations out there that do provide ratings using their own formulas but AM Best is kind of the *gold standard* in the industry.

How does the rating impact my policy?

Essentially, the higher the rating the more likely the insurance company is to honor the terms of your policy and pay claims than a lower graded insurance company.

Why should consumers check an insurance company's credit ratings?

The rating (especially when A) can give you a better understanding of the insurance company's current financial position and the ability to claims.

TRUCKERS GENERAL LIABILITY INSURANCE

Is it required by brokers/shippers or the FMCSA?

While it's not required by the FMCSA, some brokers or shippers (such as Amazon Relay) may ask you to show proof of this type of policy. An increasing number of brokers and shippers are starting to ask for this line of coverage as well.

What's it cover?

General liability insurance can help pay for injuries or property damage caused by your company as a result of business activities NOT directly related to operating your truck. It can protect your business from lawsuit and litigation resulting from damages caused by your business' day-to-day operations.

What is the difference between General Liability and Commercial Auto Liability Insurance?

Commercial auto liability covers damage done to property or other people resulting from the use of your trucks. General liability insurance can protect you from lawsuits that arise from incidents NOT directly related to operating your truck and help avoid any gaps in coverage that your commercial auto liability policy may have.

Examples of situations where Motor Truck General Liability insurance may provide coverage:

- You deliver a load of colored pellets to a company and put them in the wrong bin. When the bin is run through a machine, the wrong color pellets destroy the line of product. General Liability Insurance covers you in this situation.
- One of your drivers takes their dog on the road with them and the dog winds up biting someone at a truck stop. Due to serious medical injuries that person decides to sue the company the driver was working for... your company.
- Actions of a driver while representing the insured and on the premises of others, such as, loading docks, truck stops, etc

- Libel and slander by you or employees against someone like a competitor, vendor or even a customer
- A driver decides to assist with loading/unloading at a loading dock using a dolly or forklift and damages equipment at the loading dock.

Can you show me a breakdown of coverage under this type of policy?

The following are standard and you will find these coverages in General Liability insurance policies for truckers.

- General Aggregate Limit - \$2,000,000 limit
- Products/Completed Operations Aggregate - Limit Included
- Personal and Advertising Injury Limit - \$1,000,000 limit
- Each Occurrence Limit - \$1,000,000 limit
- Damage to Premises Rented to You Limit - \$100,000 limit
- Medical Expense Limit - \$5,000 limit

How much does this type of policy cost?

Typically, no more than \$800/year for the average trucking business

DISCLAIMER: Coverages may vary by state and by insured business. Consult your agent about coverages you may need for your unique situation. Coverage descriptions above are for general information only. Actual coverage is subject to all terms, conditions and exclusions of the policy.