Valuation vs. Insurance: Finally Explained!

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The Confusion: How many times have you heard a moving company representative refer to “valuation” as “insurance”. There is no issue that creates more confusion between a mover and their customer, than the coverage options available for the customer’s goods. Whether coverage is provided in the bill of lading under “released” or “declared” valuation, or by a separate insurance policy, it is important that moving representatives understand and describe the options available to their customers.

Customers will assume their property will be repaired or replaced if damaged while in the care custody and control of the moving company. While this may be a logical assumption, the coverage selected in the bill of lading/warehouse receipt will dictate the level of protection provided by the supporting cargo/warehouseman’s legal liability insurance policy.

Valuation = Legal Liability
Insurance = Legal Liability + Acts of God

A bill of lading typically provides a “released” or “declared” valuation option. Customers need to understand that if a valuation option is selected, coverage applies only in the event of negligence on the part of the moving company (otherwise known as Legal Liability). Negligence occurs when a mover’s actions or inaction breach a legal duty of care. Alternatively, customers can be offered “first party property insurance” or a “true insurance” option. “True insurance” coverage is provided by an insurance policy issued directly to the customer by an insurance company, (i.e. trip transit policies). In other instances, movers insured through specialty providers, can offer their customers insurance through their own corporate policies under a “Master Certificate Program.” Insurance options are considered broader than valuation coverage because they include coverage for certain “Acts of God” (i.e. fire, lighting, windstorm, etc.). It is important to note that valuation and insurance are separate and distinct options, which should never be provided in conjunction with each other.

As moving companies compete for business, communicating coverage options can be a challenge. Historically, the terms valuation and insurance have been intermingled. Misinformed movers or those trying to create an unfair advantage, describe their valuation options as insurance, which is incorrect. Unless educated on the difference between valuation and insurance, customers may expect a level of protection that does not exist.

Conclusion

Clearly communicating the difference between valuation and insurance will reduce the number of disgruntled customers. With customer satisfaction vital to the success of a moving company, this is a key distinction for your representatives to understand. By effectively educating customers on the coverage options available, you can increase customer satisfaction and eliminate potential claim headaches.

Contact us for a training program designed to help educate your staff on coverage options for your customers:

“The Horton Group hustles for us on a day to day basis providing excellent coverage advice and prompt response to special move requests. Horton has also facilitated training sessions for our employees, educating our staff on the valuation and insurance options that are available to our customers. As a broker specializing in our industry, Horton has become a valuable resource to our organization.”

Jim Munroe, President
Pickens-Kane Companies (Allied Van Lines)

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For a combined 30+ years, Curt Emery and Tony Hopkins have worked across the country providing specialized risk management and insurance programs to the moving & storage industry.