CARRIER’S LIABILITY INSURANCE IN THE FUNCTION OF TRANSPORTATION SERVICE QUALITY

ABSTRACT

The quality of transportation services understands quickness, accuracy and safety at minimal costs for the carrier and the service user. Possible emergency situations may bring substantial material and business damage both to the service user and to the transportation service provider. Carrier’s liability insurance gives the carrier security in case of evidenced full or partial loss or damage of goods, as well as in case of delay in delivery. The insurance allows annulment of carrier’s costs generated by emergency situations which favourably affects the operation of transportation companies and allows maintenance of the quality of the carrier’s services. The work analyses the presence of carrier’s liability insurance in the Republic of Croatia at five insurance companies, through the analysis of the total number of insurances and the number of insured vehicles, following the trend in this type of insurance and its influence on the quality of the carrier services.

KEYWORDS

carrier’s liability insurance, transportation services quality

1. INTRODUCTION

Convention on the Contract for the International Carriage of Goods by Road (CMR) in Croatian was first published in 1958 and it stipulates cases when the carrier is liable for total or partial damage or loss of goods consigned for the transportation between two states. Currently, the Republic of Croatia is applying regulations based on the Decision on the publishing of multilateral international contracts, one party being the Republic of Croatia based on the notification on succession /Official Gazette – International contract, No. 1/1992, of 14 Nov. 1992.

The Convention is applied to every contract on the carriage of goods by road when the place of taking over of the goods and the place designated for delivery are situated in two different countries. By defining the risks in international transport of goods accepting the Convention resulted in the need for a carrier’s liability insurance policy. The concluded carrier’s liability insurance policy insures the carrier that, in case of damage to the goods during transportation, the liability is carried by the insurance company. The carrier’s liability is determined primarily according to the Convention, and then according to the Act on Road Transportation and the Obligatory Relations Act.

2. CARRIER’S LIABILITY INSURANCE POLICY

The carrier’s liability insurance policy covers the carrier’s liabilities. The insurance company shall inform the user that this policy is not to insure the goods themselves, but that it covers the carrier’s liability for the goods taken over during the transport in domestic and international road transportation. The goods can be insured by a separate cargo insurance policy.

There are two types of carrier’s liability insurance policies, depending on the number of transportation units.

1. For the carriers who perform the carrier activity and take out insurance for a maximum of three transportation units the insurance premiums are determined on the basis of the permitted loading capacities of the transport means.
2. For the carriers who perform the carrier activity and take out insurance for more than three transportation units, the insurance premiums are determined on the basis of the sum of all the freights during the year (without VAT).

In taking out a carrier’s liability insurance policy for group insurance it is also essential whether it is a carrier primarily engaged in carrier’s activities or the carriage has been subcontracted (if the user, e.g. is primarily involved in production or trade, and is registered for the transportation activity as well).

The user may take out a carrier’s liability insurance policy for a year or a shorter period, but more benefits may be obtained for a longer period of time. By taking out a policy for a period of one year, the carrier acquires special bonifications which directly affect the insurance premium, which is not the case in short-term policies.

3. ANALYSIS OF CARRIER’S LIABILITY INSURANCE IN THE REPUBLIC OF CROATIA

With the aim of quantifying the carrier’s liability insurance market Graph 1 shows the number of road carriers as well as the number of cargo vehicles registered for the carriage of goods in the Republic of Croatia during 2004 and 2005.

It should be noted that the presented data refer to the carriers involved in the transportation activity as their primary activity, and the number of cargo vehicles does not include the working machinery, but rather cargo vehicles registered for the transportation of goods.

Since the data required for the insurance market analysis in the Republic of Croatia also affect the operation of individual insurance companies, the carried out analysis has been mainly based on the available data of the respective insurance company.

Graph 2 presents the share of the respective carrier’s liability insurance policies in the total number of policies for 2003, 2004 and 2005.

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It can be seen that the share of the concluded policies in the centre Zagreb of 54 percent follows somewhat the share of the cargo vehicles for that region of 58.4 percent. For Rijeka, Split, Dubrovnik, and Varaždin it may be said that the share of the concluded carrier’s liability insurance policies correlates with the share of cargo vehicles. It should be noted that in 2004 compared to 2003 only the share of concluded policies in Zagreb, Rijeka, Split and Dubrovnik has been reduced in favour of the share of concluded policies in Varaždin, whereas the number of policies in all centres was increased in absolute value.
The analysis of traffic by means of carrier's liability insurance policies in the period from 2003 to 2006 in several cities of the Republic of Croatia has shown that the demand for this type of insurance is significantly increasing. This number is expected to continue to grow as the date of the integration of the Republic of Croatia into the European Union is coming nearer, especially if one takes into consideration the legal provisions of the European Union, according to which all the deliveries in road transport have to be insured.

The research shows that the demand for carrier's lia-
osiguranje od prijevoznice odgovornosti, kvaliteta prijevozne usluge

LITERATURE

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41