



“New school approach”
unnecessarily
increases costs. **Kevin
Cunningham** reports

Mobile crane commercial

STATE “SME” REQUIREMENTS

SPECIAL MOBILE EQUIPMENT REQUIREMENTS

STATUTE

AK	YES, includes self propelled cranes but not truck mounted cranes	\$19-10.399
AL	YES, includes self propelled cranes but not truck mounted cranes	\$32-1-1.1
AR	YES, but does not mention cranes	\$27-14-211
AZ	NO	\$
CA	YES, “Special Construction Equipment”, but not truck mounted cranes	\$565 & \$575
CO	YES, “mobile machinery” or “self propelled construction equipment”, but does not mention cranes	\$12-6-102
CT	YES, includes self propelled cranes but not truck mounted cranes	\$14-165
DC	NO	\$
DE	YES, but definition does not include mobile cranes	Title 21§101
FL	YES, includes self propelled cranes but not truck mounted cranes	\$316.003
GA	NO, defines “SME” to include self propelled cranes but not truck mounted crane	\$40-1-1
HI	YES, but does not define term	HRS §286-41
IA	YES, but does not mention cranes	\$321A.1
ID	NO, defines “SME” to include self propelled cranes but not truck mounted crane	\$4-120
IL	YES, includes self propelled cranes but not truck mounted cranes	\$S/1-191
IN	NO	\$
KS	YES, includes self propelled cranes but not truck mounted cranes	\$8-1467
KY	YES, but does not define term	\$186A.080
LA	NO	\$
MA	NO	\$
MD	YES	\$11-159
ME	NO	\$
MI	YES, but definition does not include mobile cranes	\$257-62-1
MN	YES, includes self propelled cranes but not various truck mounted items (cranes not specifically mentioned)	\$168.002
MO	YES, includes power cranes (tractor cranes are exempt from FR & compo liab.)	\$301.010
MS	NO, defines “SME” to include self propelled cranes but not truck mounted crane	\$63-21-5
MT	NO	\$
NC	NO	\$
ND	YES, “SME” that cannot be operated on highways & streets in a normal operating manner (cranes no)	\$39-01-01
NE	NO, but tractor cranes exempt from FR	\$60-501
NH	NO, defines “SME” to include self propelled cranes but not truck mounted crane	\$259:105
NJ	NO	\$
NM	YES, but cranes not specifically listed	\$994
NV	YES, but does not mention cranes	\$366.085
NY	NO	\$
OH	YES, definition of “MV” does not include power cranes not designed for or employed in general highway transportation	\$4501.01
OK	Not clear	\$
OR	NO	\$
PA	NO, defines “SME” to include self propelled cranes but not truck mounted crane	\$102
RI	YES, includes self propelled cranes but not truck mounted cranes	\$31-1-9
SC	YES, includes self propelled cranes but not truck mounted cranes	\$56-3-20
SD	NO	\$
TN	YES, but not truck-mounted cranes even though the movement over the streets & highways may be only incidental to the operation of such vehicles	\$55-1-109
TX	NO, but it does not include a tractor crane	\$541.201
UT	YES, but does not include a “commercial vehicle” as the term would be used under the Motor Carrier Safety Act	\$41-1a-102
VA	YES, “SME” that cannot maintain a sustained highway speed in excess of 40MPH (crane not specific)	\$46.2-700
VT	NO	\$
WA	NO, defines “SME” to include self propelled cranes but not truck mounted crane	\$46.04.552
WI	NO	\$
WV	YES, but definition does not include mobile cranes	\$17A-1-1
WY	NO	\$

In the last two editions of this three-part article we explained the changes in compliance requirements from FMCSR’s (Federal Motor Carrier Safety Administration) perspective as it relates to procedural matters, and insurance requirements from the “old school” methodology for handling coverage requirements.

Since the first two parts of this series provided (technical) editorial comment, this third and final part on this topic will focus purely on practical solutions.

Clearly the technical definitions (by FMCSR) and the insurance language (in general) are wrought with confusing vernacular.

This article will focus on straightforward solutions, with references available in the sidebar schedule of state statute references to different requirements listed by state. So in the spirit of keeping this article simple (without confusing regulatory and insurance jargon) the “old school approach” considers mobile equipment (cranes) not applicable as covered vehicles for automobile or trucker’s insurance and does include coverage under the commercial general liability policy of insurance.

On a comparative note, the “new school approach” does consider the mobile equipment (cranes) as commercial automobiles requiring each item to be scheduled on the auto policy, and is therefore excluded from the commercial general liability (CGL) policy.

The fundamental difference is cost. This cost impact can be significant. The basic premise of the (old school) approach is that a crane or heavy equipment operator will generate a rateable (revenue) charge for the mobile equipment getting to/from a jobsite, which is automatically covered as “operations” under the CGL policy with no individual equipment line item premium charges.

Alternatively, the (new school) approach requires that all mobile equipment items that travel on roadways must be scheduled specifically on the business automobile policy with individual line item charges

es as vehicles?

for automobile insurance but is then not charged under CGL policies.

This may seem to be a "one for one offset," however it is not because the net effect is that the operator in essence is being charged twice for the same exposure under the new school approach.

The CGL policy typically is written on a gross sales (or receipts) basis. The business auto is typically written on a scheduled item basis. Therefore, since an operator charges for transport to/from the worksite, the CGL (receipts basis) contemplates the road hazard in the general liability premium by nature of crane/heavy equipment operations. Yet the new approach charges an additional premium on the auto policy.

Some insurance professionals may argue

that many of the state statutes under the new rules (listed in sidebar reference) create potential gaps or limitations in coverages provided by the old school (CGL) approach.

A solution to those coverage limitation arguments is found in the "Motor Vehicle Laws Endorsement (CG 9901-11/85)."

This coverage enhancement to the CGL policy is specific to mobile equipment, and it certifies that the CGL policy provides "proof of financial responsibility" which thereby meets the state-specific financial responsibility requirements that vary by state as you will find in the sidebar reference information.

And when an operator weighs the cost differential between mobile equipment being covered under CGL versus auto,

more often than not the CGL approach generates a significant cost savings advantage.

In closing, today's economic downturn has heightened the need for operating cost reductions to maintain a sustainable enterprise.

However regardless of new economic pressures, our Federal Government today cannot get out of their own way when it comes to establishing fair rules of engagement for American business owners. The harsh reality is that this new Department of Transportation and Federal Motor Carrier Safety Administration's determination that "mobile cranes operating in interstate commerce are categorized as commercial vehicles" and therefore arbitrarily is required to abide by new procedures, in fact, place an unfair burden on an industry group that has built America over the past 50 years.

So, while it appears the driver qualifications, hours of service, CDL factors and administrative considerations must be complied with...crane operators can still choose the old school approach to insurance requirements to achieve some relative cost reductions. ■



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