

Auxiliary Power Units

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With increased fuel costs and changes in idling regulations, many truckers have opted to install auxiliary power units (commonly referred to as APUs) to reduce cost and, in some cases, comply with environmental regulations. This option has raised questions on how to insure the equipment properly.

Physical damage coverage is provided when APUs are *permanently attached* to a tractor. However, you must remember to include the value of the APU when determining your equipment values for insurance coverage. Also, at the time of a total loss, you may decide you want to keep the APU, only to find out that you can't. You surrender that right because the APU is included in the salvage value of the tractor.

To handle these situations you have a few options available to you, but understanding how the equipment is covered is very important. One option would be to increase the value of the tractor the APU is permanently attached to so that it includes the value of the APU. With this option, at a time of loss, you would have adequate limits to cover the loss. Another option would be to insure the unit separately on an inland marine floater policy. The inland marine floater option allows the APU to be insured with an optional lower deductible and provides flexibility for you to take the unit from the tractor at the time of a loss when no damage occurs to the APU.

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