

TRANSPORTATION INSURANCE FACT SHEET



INSURANCE POLICY TYPE	INSURANCE FOR CARRIERS CARGO LIABILITY INSURANCE	INSURANCE FOR BROKERS CONTINGENT CARGO LIABILITY INSURANCE	INSURANCE FOR SHIPPERS SHIPPER'S INTEREST CARGO INSURANCE
WHAT IS IT?	Specialty insurance coverage for motor carriers (trucking companies).	Specialty insurance coverage for Transportation Brokers in the event that the actual motor carrier's insurance company is insolvent, the policy lapsed during transit, and certain other instances.	Shipper's interest cargo insurance provides coverage to the shipper for loss and damage to cargo with premiums being paid by the shipper.
PURPOSE	To insure the motor carrier for its legal liability resulting from the loss or destruction of cargo while in possession of the motor carrier.	Contingent cargo liability insurance is designed to protect both the broker and the shipper in certain defined situations where the motor carriers insurance does not apply.	To provide insurance coverage for loss and damage to cargo regardless of the liability of the carrier or the limits of liability of the carrier.
WHAT DOES IT COVER?	Value of goods lost or damaged in transit up to the monetary limits of the policy.	A "good" contingent cargo liability insurance policy will pay when basic requirements are met and may include coverage for perils excluded by the motor carrier's insurance, e.g. commodities excluded by motor carrier's insurance, unscheduled vehicle on a scheduled vehicle policy, unattended vehicle exclusion, and dishonest acts of motor carriers.	Coverage varies from policy to policy, including financial damages for which a carrier would not be liable, e.g. payment of the "general average" relating to ocean shipments, acts of God, or losses occurring while the cargo is not in transit, e.g. while in a warehouse.
EXCEPTIONS	Terms and conditions vary greatly from policy to policy and from one insurance company to another. For example, a policy may limit or omit coverage for theft, mechanical breakdown of a refrigeration unit, etc.	A typical contingent cargo liability insurance policy requires that the trucker have cargo liability insurance, that the broker has verified the existence of cargo liability insurance, and that the amount of the motor carrier's insurance covers the value of the shipment.	Exclusions and deductions vary from policy to policy. A close examination of the policy must be made by the shipper to determine whether or not the policy would cover the losses most likely to occur for that shipper.
COVERAGE LIMITATIONS	Only applies if carrier is liable. Thus, losses caused by acts of God, acts of the government, acts of the public enemy, acts of the shipper, or inherent vice will not be covered if the carrier is free of negligence. Also, carrier's tariff may limit its liability.	Contingent cargo liability insurance is not comprehensive. See "What does it cover" and "Exceptions" above.	See "Exceptions" above.