

Motor Truck Cargo Insurance

There are several critical items involved with insuring commercial trucking activities, particularly the risks associated with transporting cargo. There are two parties with a huge interest in the cargo: the property's owner and the person transporting that property (trucking company or independent trucker). Usually it is the trucker's responsibility to handle cargo insurance. Such insurance has to protect against damage to any cargo as well as against any harm caused to others while transporting the property.

In one respect, truck cargo coverage responds to the nightmare exposure you would have if you could combine your personal auto and homeowner coverages. Specifically, it protects against the liability similar to taking a house full of expensive contents on the road for a long trip.

Insurance protection becomes the trucker's burden since that is the party that has custody and control of both the vehicle and the goods being shipped. The coverage is typically written in the name of the independent trucker or trucking firm that owns the transporting vehicle. The policy protects against claims by third parties such as:

- The owner of the goods being transported - Ex.: a hit and run driver slams into Sam's truck and takes off. Sam has to report to his client, a Wisconsin toy maker, that the entire shipment of bikes, paint sets and dolls was destroyed. The toy maker sues Sam to recover damages.
- Other drivers on the transportation route - Ex.: Linda, of Linda's Luxury Landliners, fails to see an SUV and destroys it as she backs out of a truck stop.
- Persons authorized to handle the truck or its contents - Ex: Jim greets Pete of Midwest Transportex, Inc. After Pete opens the truck for unloading, Jim climbs up and then falls off the back of the truck. Pete failed to properly secure the doors, causing Jim's injury.

Cargo coverage can be complicated because the circumstances covered can vary quite wildly. While all transportation exposures have basic items in common, the total exposure is affected by the type of equipment, the routes traveled, the distance to the destination, the experience level of the driver, the type of cargo being shipped, the time allowed to make the delivery, whether the trip involves intrastate, interstate or even across-the-border travel.

Cargo policy limits should be written to reflect the value of the property being shipped. However, many policies limit coverage by providing a maximum limit for certain perils such as theft. Another method for limiting coverage is to void any theft coverage if the loss occurs when the covered vehicle is unattended. Such provisions are usually reserved when target commodities (such as alcohol, expensive garments, electronics) are being transported. Such goods are very attractive to thieves, so insurers are more careful about providing insurance.

The amount and type of coverage may also be affected by various state laws, so coverage should reflect the coverage necessary to comply with the most demanding jurisdiction on the travel route. Insurance companies that offer Motor Cargo Coverage are often very knowledgeable about this type of insurance. They typically also have different preferences for the amount of coverage they wish to write, the type of property they want to cover and the type of shipping companies and/or circumstances. It is important that, when securing coverage, a trucker or trucking company be certain they receive the help of a person who is qualified to understand what coverage is needed and what is being offered by various insurers.

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