

# Motor Truck Cargo Insurance



Commercial drivers face a number of risks on the road, including accidents, severe weather and equipment breakdowns. Trucking insurance can help cover carriers and drivers from these losses, but it can be easy to overlook another common risk—lost or damaged cargo.

Because for-hire transporters don't own the cargo they carry, standard trucking liability policies may not provide the coverage you need if anything happens to freight while it's in transit. And since cargo can be extremely valuable, you could be responsible for expensive losses and damage relationships with your clients.

All transporters should consider motor truck cargo insurance to cover their liability for the goods they carry. The FMCSA also requires vehicles to have cargo insurance for interstate commerce, and other federal and state laws may also apply.

## General Information

Motor truck cargo insurance covers all of the liability for goods in transit if they're lost or damaged due to events such as fires, crashes or collisions. These policies may also compensate you for charges such as removing debris from public roads, preventing further damage to cargo and legal defense costs.

Because the price for cargo can vary significantly, the premiums and coverage limits for cargo insurance is largely dependent on the cargo itself. When buying a policy, insurers usually determine the cost based on the specific trucking operation, the number of vehicles used

and the type of cargo. However, it's also possible to purchase blanket coverage that's priced based on gross revenue. This can be especially helpful when carriers need to use large fleets to complete an order or if cargo needs to switch between different vehicles frequently.

## Working with Clients

One of the most important topics when considering cargo insurance is the party that actually owns the goods you'll be transporting. Your clients may require you to purchase this coverage as part of your contract to protect their own interests, and any unexpected losses can severely damage your business's reputation and relationship.

Before you buy a cargo insurance policy, you should work with your clients to agree on a mutual value for the cargo. If any goods are damaged in transport and your policy doesn't provide you with enough coverage, you could still be responsible for the remaining costs. You should also ensure that all of the client's cargo declarations are accurate, since any significant errors could lead insurers to deny a claim.

## Common Exclusions

Since cargo insurance is so common, policies are usually available for a wide variety of operations and cargo. However, most policies will exclude coverage for the following:

- Any goods kept in a transporter's warehouse for over 72 hours

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- Shipping containers
- These types of vehicles:
  - Garbage trucks
  - Passenger vehicles such as buses and limousines
  - Hearses
- These types of cargo:
  - Art
  - Jewelry
  - Money
  - Paper
  - Animals
  - Contraband
  - Pharmaceuticals
  - Alcohol
  - Tobacco
  - Explosives
  - Radioactive material

## Evaluating Your Insurance Needs

Cargo insurance can be invaluable for any motor carrier and driver, as can other forms of coverage. Contact us at 1-512-355-7697 to look into other policies that can protect your business or to get more information on our trucking-specific resources.