



**Transportation Insurance
& SURETY SERVICES**
What You Need. When You Need It.™



Transportation Insurance: Navigating a Safe and Secure Highway

If you own or operate a transportation business, it's crucial to have proper insurance coverage in place to protect your company and ensure success. This is especially important in the fast-paced logistics industry. Our company specializes in providing insurance options such as Contingent Cargo, Auto Liability, and General Liability. These policies will not only provide peace of mind by safeguarding against potential risks but also creates new business opportunities by meeting the insurance requirements of shippers and other industry partners.

Contact PFA today to learn more about how we can help secure your transportation business.

Providing the Basics of Transportation Insurance

Transportation is a fast-moving industry requiring proper risk management and insurance coverage to ensure success - especially for freight brokers, due to the fluid and comprehensive nature of logistics. The most successful companies in this field are able to focus on running their business without worrying about risk management and costly litigation, as they have the basics of transportation insurance coverage in place.

Transportation is a vital component of our economy, with freight brokers, freight forwarders, motor carriers, and others playing key roles. However, the industry also comes with its own set of risks. The logistics industry, where third-party involvement, can make risk management and litigation costly. By preparing for all eventualities and having the necessary insurance coverage, successful companies can focus on running their business without worrying about risk management.

To protect your business and ensure success, it's important to have all necessary safety measures and insurance coverage in place. BMC-84 and BMC-85 are Surety Instruments to meet the federal freight broker requirements. While the insurance products requested are not a federal requirement it will be required to meet a shipper's contract requirements to do business.

Essential insurance coverage for logistics companies includes:

- Freight Broker Contingent Cargo (legal form and broad form)
- Commercial General Liability
- Contingent Auto Liability

Transportation insurance and logistics companies should also consider:

- Professional (E&O) Liability
- Shippers Interest Cargo
- Umbrella/Excess
- Work Comp
- Warehouse
- Property of Others
- Inland Marine
- Other exposures that need to be addressed

Trucking companies should consider the following:

- Auto Liability
- Cargo
- General Liability
- Physical Damage
- Other exposures related to unique operations

Defining Contingent Cargo, Auto Liability, and General Liability Contingent Cargo Insurance

Freight brokers often require Contingent Cargo coverage, which provides “peace of mind” for potential losses or damage to cargo while in the care, custody, or control of a hired motor carrier. There are two main types of Contingent Cargo coverage available for freight brokers: Contingent Cargo (Legal Liability) and Contingent Cargo (Broad Property Form).

- ▶ **Contingent Cargo (Legal Liability) Coverage** covers a freight broker’s legal liability and claims expenses arising from physical loss or damage to cargo. Legal Liability policies also cover legal defense costs incurred by the freight broker in the event of a lawsuit stemming from cargo damage. Legal liability coverage is typically less expensive than broad property form coverage.
- ▶ **Contingent Cargo (Broad Form) Coverage** covers costs arising from direct property damage to cargo dispatched to a motor carrier for an insured loss. Broad Form coverage is triggered by the denial or avoidance of a valid claim by a motor carrier or their insurer, and it helps protect relationships with shippers and clients by providing payment for covered claims without the requirement of a formal lawsuit.
- ▶ **Freight Broker Auto Liability Policy** (Contingent Auto Liability) provides bodily injury and property damage liability coverage to a freight broker or forwarder if they are brought into a lawsuit caused by a truck accident involving a motor carrier to whom they brokered a load. This policy may cover up to \$1 million per occurrence and defense coverage is typically provided outside of the policy limits.
- ▶ **Commercial General Liability Coverage** includes a General Liability policy that responds to financial risk for third-party bodily injury claims occurring on the freight broker’s premises. This coverage is becoming more common in shipping contracts and is often required by landlords and affiliated businesses in agreements.

Additionally, transportation businesses should consider **Shipper’s Interest Coverage** and **Umbrella/Excess Liability Coverage** to expand business opportunities, protect key shipper relationships, and provide insurance at the time it is needed. When a shipper provides their insurance requirements, it is important for freight brokers to clarify any endorsements such as Additional Insured, Waiver of Subrogation, and Primary and Non-Contributory.



We're Here to Give You -
What You Need, When You Need It.



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