

Coverage Definitions

Motor Truck Cargo: Provides legal liability coverage for the property of others in the care, custody and control of the insured. The legal liability of a motor carrier is established and defined by federal rules to as the Carmack Amendment.

- Coverage Forms & Terms
 - Named Peril
 - Fire, lightning, or explosion
 - Accidental collision of the truck with any other vehicle or object.
 - Overturning of the truck
 - Collapse of bridges or culverts
 - Flood (meaning rise of streams or navigable waters)
 - Cyclone, tornado, hurricane or windstorm
 - Theft
 - Stranding, collision, burning, grounding or sinking of ferry while truck is on board.
 - Broad Form/All Risk
 - Specified Auto, Gross Receipts or Mileage Rating
- Coverages and Common Endorsements
 - Debris Clean Up
 - Earned Freight Endorsement
 - Unattended Truck Coverage
 - Reefer Breakdown
 - Target Commodities
 - Wet Load
- Standard Cargo Exclusions
 - Accounts, bills, debts, evidence of debt, letters of credit, passports, documents, railroad or other tickets, notes, money, securities, currency, bullion, precious stones, jewelry &/or other similar valuable articles, paintings, statuary and other works of art, manuscripts, mechanical drawings, live animals, tobacco, cigars, cigarettes, non-ferrous metal in scrap or ingot form including Copper in any form, furs, alcohol, liquor, beer, wine, garments (defined as: items of clothing, including innerwear and outerwear, footwear, shoes, boots, gloves, hats, and the like), seafood unless canned, automobiles, motorcycles, boats, jet skis, mobile homes and electronics (defined as: all items of consumer and commercial electrical appliances and instruments including but not limited to radios, stereos, televisions, computers, computer software, hard drives, chips, modems, monitors, cameras, facsimile machines, photocopiers, VCRs, hi-fis, CD players and the like and pharmaceutical products, Tires.
 - Loss or damage to household goods and/or personal effects, when forming part of a domestic removal or office relocation.
 - Loss or damage caused by or resulting from mysterious disappearance, the infidelity, dishonesty or criminal act of the insured, his employees, his agents or others to whom the cargo may be entrusted including operators under contract to the insured, whether or not such act or acts occurred during the regular hours of employments.
 - Loss of cargo due to voluntary act of the insured, whether or not resulting from a third party's use of fraudulent documents, forged freight bills, interchange receipts, release orders or the unauthorized form or unauthorized use of documents.
 - Loss of market, delay, loss of use, clean up costs or any remote or consequential loss.
 - Loss or damage caused by strikers, locked-out workmen, persons taking part in labor disturbances, riots or civil commotions.
 - Goods or merchandise which are the property of the insured.
 - War, hostile or warlike actions in time of peace or war.
 - Loss or damage caused by or resulting from mildew, moth, vermin, insufficiency of insulation or packing, wear, tear, gradual deterioration or natural loss in weight or volume
 - Loss or damage to cargo carried without charge by the insured or as an accommodation on their part

Equipment Physical Damage: Provides insurance protection for the damage to owned equipment and non-owned equipment in the care, custody and control of the insured.

- Coverage Forms & Terms
 - Cost New
 - Stated Value
 - Non-Owned & Trailer Interchange

Non-Trucking Liability: Provides coverage for a commercial vehicle permanently leased to a regulated commercial carrier while that vehicle is not loaded or under dispatch, including the return trip to the original point of garage or dispatch, whichever comes first.

- The USDOT regulations require that a regulated motor carrier treat leased units as if they were owned and required the motor carrier be responsible for the proper maintenance and operation of all owned and leased units. Based on this, some have the view that any maintenance performed on the unit as being done on behalf of the motor carrier and therefore should be considered trucking for the purposes of insurance coverage.
- Meandering is a term used to describe a side trip that would take the leased unit off of the path of its direct return to the original point of dispatch or next appointed location of pick-up or delivery. For the purposes of insurance coverage, this act would be considered not under dispatch.

Contingent Cargo Coverage: Provides a fail-safe cargo coverage for both freight brokers and freight forwarders. This coverage will stop in the event that, after all necessary due diligence, the coverage of the motor carrier fails to respond due to cancellation or misrepresentation by the motor carrier.

- Contingent cargo policies require the insured to perform certain checks and to secure certain evidence of coverage in order for coverage to react. Contingent policies will not provide broader coverage than the misrepresented policy would have provided. A claim denied for coverage reasons will not trigger coverage under a contingent cargo policy.

Contingent Auto Liability: Provides a fail-safe auto liability policy for freight brokers and freight forwarders. This coverage will stop in the event that, after all necessary due diligence, the coverage of the motor carrier fails to respond due to cancellation or misrepresentation by the motor carrier.

- Contingent liability policies require the insured to perform certain checks and to secure certain evidence of coverage in order for coverage to react. Contingent policies will not provide broader coverage than the misrepresented policy would have provided. A claim denied for coverage reasons will not trigger coverage under a contingent cargo policy.

Truckers General Liability: Provides coverage bodily injury, personal injury and property damage caused by the business operations of the insured that occurs on their premise(s).

Trucking Terms and Definitions

DOT – US Department of Transportation: The federal organization that is charged with the responsibility of regulating United States ground transportation. Their responsibilities include oversight and registration of the motor carriers, establishing rules for operations, equipment and safety.

FMCSA – Federal Motor Carrier Safety Administration: The FMCSA is the division of the Department of Transportation responsible for the development and enforcement of Motor Carrier safety regulations. After deregulation, the main focus of the DOT was shifted from regulating the market place to oversight of motor carrier safety.

SAFER System: The federal safety and compliance data base maintained by the US Department of Transportation. Some of the information available in this system is safety rating, commodity information, current and prior insurance information, general information about the trucking company. (<http://safersys.org>)

DOT Filing: The DOT filing is a document either paper or electronically filed by the insurance company, on behalf of the motor carrier, with the USDOT that provides proof of proper coverage. This filing requires 30 days notice to cancel the represented coverage.

MCS-90 Endorsement: The MCS-90 is a required endorsement for all regulated motor carriers and is required to be in the possession of the motor carrier at the time of a DOT audit. The endorsement includes all of the necessary language for full compliance of the motor carrier's insurance obligations. The MCS-90 does not broaden coverage, but it does expand the insurers responsibilities.

BMC-32 Cargo Filing: The BMC-32 is the form required to provide evidence of cargo insurance. This form is required for truckers holding a common carrier authority. Like the MCS-90, the BMC-32 does not broaden coverage, but does expand the responsibilities of the insurer.

Common Carrier: A common carrier is a trucking company that offers its services to any and all shippers on an ongoing or one trip basis. Common carriers require both auto liability and cargo filings.

Contract Carrier: A contract carrier is a trucking company that provides its service to specific shippers on a contract basis and will negotiate rates and services with each shipper on a written contract basis. Contract carriers require only auto liability filings.

Private Carriers: A private carrier hauls only owned freight and does not haul for others.

Exempt Carriers: An exempt carrier hauls unprocessed agricultural product from the field to the farm or to the market or processor. Exempt carriers are free from the typical regulations of regulated carriers. Exempt carriers do not require DOT insurance filings of any kind.

Freight Broker: A freight broker is an intermediary of "middleman" that works with various shippers and various motor carriers to arrange for the movement of freight. A freight broker does not require an auto liability or cargo filing but does require a DOT broker bond. A DOT broker bond is a bond filed with the DOT to assure the payments to the trucking companies.

Brokered Freight: Brokered freight are loads that are arranged from a shipper to the motor carrier via a freight broker. With this type of load, the shipper and the motor carrier general do not interact. All communications are done through the freight broker.

Freight Forwarder: A freight forwarder is an individual or organization that arranges the movement of freight on behalf of others. Forwarders will often utilize multiple modes of transportation to move freight including air, rail, ocean and trucks. Freight Forwarders do require a cargo filing.

Front Haul: Front haul is outbound freight hauled by a motor carrier. This freight generally originated near their home office or terminal location.

Back Haul: Back haul is inbound freight that routes the units back to the sources of outbound freight. It may take 2-3 back haul loads to get the trucks back to its outbound shippers.

Trip Lease: A trip lease is a short-term loan of equipment between two motor carriers. It starts when the truck picks up the load and ends when it is delivered. Proper trip leases can only be executed between motor carriers. The unit is covered under the lessee's insurance for the duration of the trip lease.

Permanent Lease: A permanent lease is defined as a written document that assigns exclusive possession and control of the leased equipment from the owner to the motor carrier. The agreement must be in excess of 30 days in length.

Bobtail: Operating a tractor without a trailer attached.

Deadhead: Operating a tractor/trailer without a load on board.

Company Driver: An employee driver that operates a power unit owned by the trucking company.

Owner/Operator: An independent contractor that owns and operates his or her own truck on behalf of motor carrier under a long term/permanent lease in excess of 30 days in length.

Lumper: An individual that, for a fee, will assist in the unloading of a truck.

Factoring: The sale of a motor carriers accounts receivables for a discount fee. Factoring improves the cash flow of a motor carrier, but also eliminates a great deal of their profits from the factored loads.

Bill of Lading: Bill of lading is the official document prepared by the carrier or shipper showing acceptance of the goods for shipment. It contains information such as: type of items, quantity, value, hauling unit details, date, destination, consigner, consignee, etc. The bill of lading is a contract to carry the goods to the said destination, based on which the seller can claim consideration and buyer can take delivery of the goods.

Local (Short Haul): Motor carriers that operate on a 300-500 mile radius.

Regional (Intermediate): Motor carriers that operate up to 1,000 mile radius.

Long Haul: Motor carriers that operate in a 1,000 mile radius or greater.