

Transportation Coverage Checklist



As transportation intermediaries, there are many insurance and bond products that can help you manage liability exposures, comply with regulatory mandates and strengthen client retention. Roanoke Trade will help you identify these exposures, evaluate your needs and recommend products to fit your particular situation. The most commonly required products we offer are listed below and are classified by function. If you have other needs not reflected in this outline, we can customize an insurance product for your business.

All Logistics Providers/Transportation Intermediaries

- ❑ **Cargo Insurance Policy:** As logistics experts, your clients rely on you to advise and guide them through the transportation process and help them understand the inherent risks of loss or damage to their cargo.

Roanoke Trade can provide you with a high quality, competitively priced and easily managed open cargo policy that allows you to provide your clients with the insurance they require.

- ❑ **Errors & Omissions:** As transportation professionals, you are liable for improper performance of, or the failure to perform your professional services, including your activities as a property broker, domestic freight forwarder, international freight forwarder, NVOCC, warehouseman, air freight forwarder or other. If a customer files a claim against your company alleging damages, this policy will pay for the legal defense (independent of the deductible) as well as any settlement awarded as per the policy terms.

Some of the most common types of claims include: failure to follow client instructions, delay caused by the negligence of an employee, negligent selection of subcontractors, improper quotation of charges, incorrect document preparation, unauthorized release of goods, misdirection, failure to collect, failure to properly clear goods upon entry, incorrect classification of goods and failure to insure cargo when instructed to do so.

Customs Brokers

- ❑ **Import Bonds:** Roanoke Trade can provide you with a rate and issuing authority schedule which will allow you to offer Single Transaction Bonds, Continuous Bonds and Importer Security Filing Bonds for your importing clients.

Based on our experience, we have created an automated process to make the preparation of bonds more efficient and profitable for our clients. FastBond™ is a highly advanced and flexible tool providing customs brokers unprecedented control of the work flow and timing of critical information.

International Freight Forwarders

- ❑ **FMC OFF Bond:** The FMC requires that ocean freight forwarders maintain a bond, guaranteeing payment for any fines, penalties or claims made against them in the amount of 50,000 USD. Roanoke Trade represents American Alternative Insurance Corporation with an "A+" rating from A.M. Best.
- ❑ **ATA Carnet:** When a cargo owner intends to temporarily ship their goods to another country and return them to the US, the ATA Carnet provides a fast and cost effective method to simplify the process.

An ATA Carnet, commonly referred to as the Passport for Cargo, is an international customs document provides the guarantee to customs for the temporary importation. ATA Carnets are backed by an ATA Carnet bond.

Use of an ATA Carnet eliminates value-added taxes and duties on temporary importations in over 100 countries and territories. Roanoke Trade is an authorized ATA Carnet Service Provider for the United States Council for International Business.

Domestic Freight Forwarders

- ❑ **Bill of Lading Legal Liability:** Domestic freight forwarders issue bills of lading for their shipments and are designated as common carriers (non asset-based) by the Federal Motor Carrier Safety Administration (FMCSA). Since the contract of carriage (bill of lading) is between the domestic forwarder and the cargo owner, the domestic forwarder will be first in line for any claims for cargo loss/damage.

In essence, this insurance is very similar to an asset-based common carrier's Motor Truck Cargo Insurance. The policy will defend you against all allegations and pay claims where you are found to be negligent.

- ❑ **Contingent Auto Liability:** Contingent Auto Liability Insurance protects you in the event a motor carrier that you've arranged has Auto Liability Insurance insufficient to cover an auto accident involving bodily injury or property damage. This may occur because of inadequate limits of insurance, the policy has been voided, canceled or suspended, the policy was bogus or illegal or the insurer of the policy is insolvent.

Legal precedent has been set holding the domestic forwarder/property broker liable in such cases.

Forwarders registered with the FMCSA are required to maintain a BMC-84 bond in the amount of \$75,000.

Domestic Property Brokers

- ❑ **Property Broker Bond:** The FMCSA requires that property brokers (not issuing a bill of lading) maintain a Property Broker Bond in the amount of 75,000 USD. Roanoke Trade represents American Alternative Insurance Corporation with an "A+" rating from A.M. Best.
- ❑ **Contingent Cargo Liability:** When acting as a property broker, the contract of carriage (bill of lading) is issued directly from the underlying asset-based carrier to the cargo owner. As such, the asset-based carrier is first in line for cargo loss and damage claims. Unfortunately, it is not uncommon for the carrier's motor truck cargo policy to fail to pay the claim for various reasons.

In this event, the cargo owner will often sue the property broker in an effort to collect on their claim. The property broker can benefit from having a Contingent Cargo policy in place which will defend against the claim and pay settlements per the terms of the policy if ultimately ruled against your company.

Indirect Air Carriers

- ❑ **Bill of Lading Legal Liability:** When acting as an indirect air carrier, the transportation intermediary issues a house air waybill which presumably stipulates limited levels of liability for cargo loss or damage based on the governing international airfreight treaty or applicable statutory law. If cargo is lost or damaged during transit under your house air waybill, your company is first in line for claims. Bill of Lading Legal Liability Insurance will pay the cost of the legal defense (independent of the deductible) and will pay for the cost of the ultimate settlement per the policy terms if rendered against your company.

Motor Truck Carriers (Asset-Based Truckers)

- ❑ **Motor Truck Cargo:** Asset-based truckers issue bills of lading and are designated as common carriers by the Federal Motor Carrier Safety Administration. Since the contract of carriage (bill of lading) is between the trucker and the cargo owner, the trucker will be first in line for any claims for cargo loss or damage.

The FMCSA no longer requires that all common carriers maintain a Motor Truck Cargo Legal Liability Insurance policy with a minimum limit of liability; however, most carriers maintain at least 100,000 USD for commercial reasons.

- ❑ **US Customs & Border Protection Custodial Bonds:** When transporting bonded cargo (not yet cleared by US Customs for import), a trucker must be bonded as a cartman (within the immediate port area) or as a carrier (outside the immediate port area). The penalty amount of this bond varies and is assigned by the local port director.

As the trucker, contact your local CBP office to complete the application process and determine the appropriate bond amount. Roanoke Trade can arrange to place the bond for your company.

Warehouse Operators

- ❑ **Warehouse Legal Liability:** A warehouse operator has a legal responsibility for cargo loss or damage while in his care, custody or control. Warehouse operators typically limit their liability in their warehouse receipt.

Warehouse Legal Liability Insurance will pay to defend your company (independent of the deductible) against claims and pay settlements rendered against your company per the policy terms.

- ❑ **Bailee Liability:** When storing goods without issuing a document that limits your liability, you have a potential exposure to full value liability for cargo loss or damage.

Since this liability is not limited, Bailee Insurance is required. This policy responds to physical loss or damage of property in your care, custody or control, without regard of negligence.

- ❑ **Packer's Legal Liability:** This insurance covers damage to cargo in transit subsequent to the packer's handling of the goods. If the damage occurs as a result of improper packing, loading, blocking/bracing, crating, wrapping, etc., the cargo owner (or their insurer) may have recourse against the packer who prepared the goods for shipment.

This insurance will provide for the cost of the packer's legal defense as well as any settlements per the terms of the policy which are ultimately awarded to the claimant.

- ❑ **US Customs & Border Protection Custodial Bonds:** If a warehouse will handle/store bonded cargo (not yet cleared by US Customs for import), it must be bonded. The penalty amount of this bond varies and is assigned by the local port director.

As the warehouse operator, contact your local CBP office to complete the application process and determine the appropriate bond amount. Roanoke Trade can arrange to place the bond for your company.

NVOCCs

- ❑ **NVOCC Legal Liability:** Non-Vessel Operating Common Carriers have a legal liability for cargo loss or damage as prescribed by the Carriage of Goods by Sea Act (COGSA). This liability is fixed at 500 USD per customary shipping unit; however, this is a somewhat vague and contentious term.

If cargo is lost or damaged while moving under your house bill of lading, your company is first in line for claims. This insurance will pay the cost of the legal defense (independent of the deductible) and will pay for the cost of the ultimate settlement per the policy terms if rendered against you.

- ❑ **FMC NVOCC Bond:** The FMC requires NVOCCs to maintain a bond, guaranteeing payment for any fines/penalties/claims made against them. The amount of this bond is 75,000 USD. Roanoke Trade represents American Alternative Insurance Corporation with an "A+" rating from A.M. Best.

- ❑ **People's Republic of China Ministry of Communications (MOC) Rider:** Any NVOCC who is arranging transit to/from mainland China is required to maintain a separate rider to their FMC NVOCC Bond. The rider must (in conjunction with the bond) result in an aggregate amount of \$125,000 (NVOCC bond amt + MOC rider amt = \$125,000). If it is determined the transportation intermediary acted in violation of China's laws/regulations, the Chinese Government can make a demand on this bond.

Insurance needs will vary based on your organization’s risk management strategy, tolerance for risk and ability to satisfy or defend claims with in-house reserves. Our goal at Roanoke Trade is to work with you to determine the applicability of these products to your business practices, assign a cost to each of the products and help you to determine which are necessary to achieve your goals. We respect your desire to take an inventory of your exposures and will do whatever possible to help you construct a risk management program which will provide the most value to your organization.

We appreciate your consideration of Roanoke Trade as a potential insurance provider and look forward to earning your support and developing a long term relationship between our companies.

	Cargo Insurance	Errors & Omissions	NVOCC Legal Liability	Warehouse Legal Liability	Packer's Legal Liability	Bill of Lading Legal Liability	Bailee	Contingent Cargo	Contingent Auto	Motor Truck Cargo	Property Broker Bond	Import Bond	CBP Custodial Bond	FMC NVOCC Bond	MOC Bond Rider	FMC OFF Bond	ATA Carnet
Customs Brokers																	
International Freight Forwarders																	
Domestic Freight Forwarders																	
Domestic Property Brokers																	
Indirect Air Carriers																	
Motor Truck Carriers																	
Warehouse Operators																	
NVOCCs																	

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