

4 WAYS

Freight Brokers Can Avoid Unexpected Liability Claims

Learn how freight brokers can protect their domestic operations from liability claims that may not be covered by traditional cargo insurance policies.

1. Know what you are signing.



Thoroughly review the details of any contract to ensure you haven't agreed to be held liable as a motor truck carrier. Similarly, carefully review shipping paperwork or bills of lading to check that you haven't been described as the motor truck carrier.

2. Understand your policies and look for potential gaps in coverage.



Learn where you are covered and where you are not. Within many traditional cargo insurance policies, the legal liability of a freight broker isn't explicitly defined – leaving freight brokers susceptible to hidden vulnerabilities. Choose an insurance partner that truly understands the liabilities associated with your unique operations.



How to protect your operations

4. Implement a carrier vetting process (and document it).



As a freight broker, you may be targeted by cargo thieves who deceive you into turning over the cargo using identity theft or fictitious pickup schemes. This can leave you on the hook for replacing the goods that have been stolen. Implementing a carrier vetting process can help protect you from becoming the victim of a cargo theft scheme. Plus, a well-documented carrier vetting process can assist in the rapid resolution of a claim.

3. Consider your exposures beyond traditional broker liability.



Are you prepared to compensate your shipping customer when the motor truck carrier causing damage fails to pay? Travelers offers critical endorsements that enhance a freight broker's insurance program. Our Brokers Operations Coverage can kick in when a motor truck carrier can't pay for a loss that they are liable for. Even though you are not liable, you may be able to compensate your shipping customer to put their mind at ease while preserving the business relationship.

It's critical for freight brokers to have a **trusted insurance carrier** that understands the nuances all parties bring to a claim.

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