

# A Broker's Guide to Cargo Insurance

Coverage Type	Primary Party	Common Exclusions	Policy Form	Policy Term
Cargo Insurance	Broker/Shipper	Certain Commodities	Broad form "All-risk"	Per load
Motor Carrier (MC) Cargo	Carrier	Certain commodities "Acts of God" / weather-related losses Carrier must be liable for loss Certain thefts Unattended vehicle Unscheduled vehicle Wetness / dampness Certain territories - Canada & Alaska	Legal liability Coverages vary widely among various providers	Annual
Contingent Cargo (Following form - most common)	Broker (Only after the MC policy fails)	Same as MC policy exclusions	Legal liability Extremely limited to certain few losses	Annual
Contingent Cargo (Non-following form)	Broker (Only after the MC policy fails)	Exclusions depend on the particular contingent policy	Varies among providers	Annual
Excess or Spike	Carrier for limit above primary motor truck cargo limit	Same as MC policy exclusions	Varies among providers	Annual

## Key Definitions

**"All-risk"** - Providing coverage for losses both in and out of the driver's control. This policy benefits the Shipper on a primary basis.

**Legal liability** - Coverage for losses where the Carrier is deemed liable for the loss. This policy acts in favor of the Carrier. Not required by the FMCSA.

**Cargo Insurance** - Primary, first dollar, "All Risk" coverage which replaces the MC policy. \$100K coverage limit, purchased on a per-load basis. Priced at a flat \$12 per load.

**Motor Carrier** - A person providing motor vehicle transportation for compensation.

**Contingent Cargo (following)** - Will pay covered losses in the event that the Carrier's insurance does not respond due to cancellation or non-payment.

**Contingent Cargo (non following)** - Provides coverage for losses based on the non payment of covered losses by the carrier, subject to the terms of the Broker's policy.

**Excess / Spike** - Provides excess motor truck cargo liability for Carriers to meet Shipper requirements.



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