



## LTL Carriers: Limited Liability versus Cargo Insurance

The advantages of booking LTL freight through a logistics broker has many benefits. Examples are lower freight rates without volume commitments and a wide variety of carriers to choose from. However, it's important to understand that without cargo insurance, your LTL shipment is not actually insured as you may think.

If an LTL shipment is damaged or lost, the LTL carrier will only reimbursement up to the "limit" of the carrier's liability. When the rates are discounted for your benefit, expect this to be very low, like \$1.00 - \$2.00 per pound and for volume shipments even lower. And it can be worse, the carrier simply denies the claim. Assuming your broker will cover the damages or "make up the difference" should not be expected. You can lose a good Logistics partner. Short paying their invoices can affect your credit. Credit Reporting Agencies make this information readily available to other brokers. This can result in higher prices as the marketplace views your company as high-risk... **we want to avoid that and protect you instead.**



## Carrier Liability Explained

Different from Truckload carriers, LTL carrier do not provide Cargo Insurance unless specifically purchased additionally for each shipment. LTL carriers only maintain Limited Liability coverage for your freight in transit and the burden is on the you or your shipper to prove carrier negligence.

You must prove the freight was packaged well enough to withstand rigorous transit across bumpy roads, abrupt traffic stops and repeated handling across multiple docks. The carrier may require photographs of your freight before it was loaded. Carriers can decline coverage for a variety of reasons, such as act of God (Weather related) or improper packaging, insufficient banding or wrap, over-stacking, too tall, too heavy, cracked pallets, etc.

Each carrier has its own rules and Limits of Liability, based on weight, class and commodity and discount rates. For discounted freight rates, their limits average \$1.00 - \$5.00 per pound and as low as \$0.10 cents a pound when booking under a spot volume quote (5+ skids) or for used goods. \*Carriers do have higher limits, but generally requires a contract with the carrier.

## Solution - Shippers Interest Cargo Insurance

Shippers can purchase Cargo Insurance to cover the full value of their freight on a per shipment basis. The shipper is not required to prove carrier negligence and settlements are usually paid within 30 days.

SLC Nationwide provides several programs to purchase insurance. Costs range from \$0.30 to \$0.40 cents per \$100 value. Example: freight valued at \$20,000 would be \$60 estimated cost for a shipper's interest Primary Cargo coverage.