

GTU Offers Contingent Coverages For Truck Brokers

If you are not writing Contingent Auto Liability and Contingent Cargo Coverage for Truck Brokers, you are missing an important sales and service opportunity for your trucking clients.

Truck Brokers

Truck brokers are licensed by the Federal Motor Carrier Safety Administration. Brokers do not operate trucks and merely serve as an intermediary between the shipper and the trucker. In essence, they arrange or "place" loads for a shipper with truckers wanting to haul freight. Since truckers may not always have freight for a return trip or "backhaul" arranged, they often call a broker to find a shipment to haul to make sure they log as few non-revenue producing miles as possible.

A truck broker helps the trucking community have greater utilization and profitability. Since a truck broker is essence a middleman, the trucker ends up getting less revenue per mile than they would have had they arranged for the transportation of freight directly with the shipper.

For that reason, truckers try to utilize truck brokers as little as possible. However, they recognize that truck brokers have a ready source of freight shipments that the truckers wouldn't obtain on their own and operating with reduced revenue is better than returning home without freight and revenue, otherwise known as "deadheading."

Truckers With Brokerage Authority

Many truckers have their own brokerage operations. Why? On occasion, truckers will find that they have a shipment to one destination or "headhaul" that is profitably priced; however, they are not able to find any suitable freight to carry back for their "backhaul."

Rather than send one of their own trucks out to the boondocks and deadhead back without a paying load or strand the driver and truck there for several days while trying to arrange a profitable backhaul, some truckers, in their capacity as a freight broker, will offer the load to another trucker who is better situated to handle the shipment and grateful for the business.

Risk Exposures

The freight broker arranges the shipment of the cargo by naming the trucker on the bill of lading. The responsibility for providing auto liability coverage and cargo coverage rests upon the trucker. In compliance with regulations, the trucker is required to have certain minimum amounts of insurance in-force. The broker typically makes certain that the auto liability is in-force and at the minimum required limit by obtaining a certificate of insurance. Similarly, the broker verifies that the limit of trucker's cargo coverage is adequate to cover the value of the load being transported.

Coverage

Contingent Auto Liability coverage provides indemnity and defense to a truck broker for third-party liability claims. Contingent Cargo coverage provides indemnity and defense to a truck broker for third-party cargo claims. An example of where coverage applies is a case where the broker relies upon a certificate of insurance for a trucker to be valid and it turns out to be bogus. A claim ensues and the truck broker is brought into the fracas. The contingent policy provides for indemnity and defense.

Most insurers do not want to write this coverage and product scarcity leaves the truck broker exposed, not to mention a potential errors and omissions exposure for the insurance agent.

GTU Offers Contingent Auto Liability, Contingent Cargo, GL, E&O, and Contents Coverages

We have several A rated facilities for contingent auto liability and the contingent cargo. We also offer GL, E&O, and Contents coverages which are specifically designed for the truck brokers and truckers with brokerage authority.

Consider your clients' needs and examine your book of business and see which accounts have brokerage operations. Review your prospects and see who has brokerage authority but have no coverage. A sales and service opportunity becomes available and you can demonstrate your risk management abilities to your prospects and clients.

If you have any questions, do not hesitate to call your GTU underwriter at 800-488-8852