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Thank you for joining us.



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November 17th, 2021

Understanding Cargo & Warehouse Legal Liability



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Disclaimer

This presentation is provided for general information purposes only and should not be considered legal or tax advice or legal or tax opinion on any specific facts or circumstances. Readers and participants are urged to consult their legal counsel and tax advisor concerning any legal or tax questions that may arise.

Any tax advice contained in this communication (including any attachments) is not intended to be used, and cannot be used, for purposes of (i) avoiding penalties imposed under the U. S. Internal Revenue Code or (ii) promoting, marketing, or recommending to another person any tax-related matter.



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About Hays Companies

- Founded in 1994
- Became part of the **Brown & Brown Team** in 2018
- Full-service insurance **brokerage consultancy** specializing in:
 - Employee Benefits
 - Property & Casualty
 - Risk Management Consulting
 - Private Client Group
 - National Programs
 - Wholesale Brokerage
- **Organic growth** – we grow client by client
- **Local presence** with national resources

300+
locations

11,000+
teammates

\$2.613B
annual revenue



- **Passionate** consultants & unrivaled expertise
- A **culture** built on discipline and customer focus
- Our customers are **our purpose**
- **Authentic and experienced** team who you can place your trust in
- Proactive, responsive service with a **sense of urgency**



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Who is Intact Insurance Specialty Solutions?

- International Leader in Insurance Services and Products based in Toronto (US operations headquartered in Plymouth, MN)
- A+ Superior Rating by AM Best with \$24.9B in assets
- Over 14,000 employees including 4,000 claims professionals
- The Intact Charitable Trust USA supports more than 100 nonprofits each year



Chris Brandser – Intact Insurance National Motor Truck Cargo President with 25+ years of Transportation Insurance Experience



Taylor Boyd – Program Consultant for Intact Insurance with over 35 years of Transportation Insurance Experience



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Coverage Components



- Motor Truck Cargo Legal Liability
- Warehouse Legal Liability
- Equipment
- Customers Direct Damage

Motor Truck Cargo Legal Liability Coverages

- Responsible for safe delivery of your customers property
- MTC coverage specifically provides coverage for your liability or negligence for damage or loss to property of others while in transit and in your care custody or control.
- MTC coverage includes coverage while the property is being SHIPPED, PACKED, UNPACKED, LOADED and UNLOADED
- Key documents should include a Bill of Lading, contract of carriage and shipping receipt
- For coverage to apply the move has to be made under your Bill of Lading or other shipping document. Moves under another Entities Bill of Lading are not covered.
- Moves made by Owner Operators hired by you are covered if done under your BOL
- MTC Premiums are determined on a Gross Receipts basis for all moves made under your Bill of Lading...the more you move the more the premium. The premium is typically adjusted at the policy expiration based on your actual gross receipts



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Cargo Legal Liability

- Section 49 U.S.C. 14706 “Carmack” sets out the liability rules for carriers, both common and contract. Codifies the common law strict liability for actual loss or damage.
- Motor Carriers are not liable generally damage caused by:
 - Acts of God (Floods, Earthquakes, etc.) - but defense may not apply if carrier could have foreseen the event and failed to take action to protect the goods)
 - Acts of Public Enemy - nation or government at war in nation where carrier is domiciled
 - Exercise of Public Authority - confiscation under government quarantine
 - Fault or Neglect on the part of the shipper
 - Inherent Vice or Nature of Goods – a condition of the property that tends to make it destroy itself. (Example: Deterioration over time of rubber)
 - Negligence of Others (i.e., another driver is at fault for an accident)
- Carrier’s Liability can be changed as it is established in the transaction between the trucker and the party shipping or receiving the goods(some restrictions are not allowed by law)
- Customers should have their own Insurance to cover loss or damage that the Motor Carrier is not Liable for (we can write separate stand-alone policies to cover their interest if needed)



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Warehouse Legal Liability Coverage

- Covers your liability as a warehouseman for destruction, damage, or other loss to your customer's property while it is being STORED
- In exchange for the charge made for the service, the Warehouseman accepts certain responsibilities for the safety of the property
 - Exercise ordinary care of the subject matter of the bailment, and...liable for ordinary negligence
 - Ordinary care means such care as ordinarily prudent [persons], as a class, would exercise in caring for their property under like circumstances”
- For coverage to apply the storage must be under your Warehouse Receipt or Storage Contract
- Liability is usually determined by local Warehouse Legal Liability or the Uniform Commercial Code

Warehouse Legal Liability Coverage Cont.

Customers should have their own Insurance to cover loss or damage that the Warehouseman is not Liable for:

- Your Storage
- Warehouse Locations need to be scheduled on the policy for coverage to apply
- A nominal limit may be provided for non-scheduled locations

Premiums are determined either by:

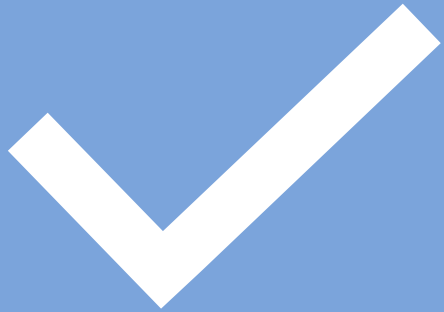
- Gross Receipts basis for all storage revenue for the policy period
- A rate applied against the total of your Warehouse Legal Liability Location Limits



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Warehouse Receipts or Storage Contracts...per the UCC should show



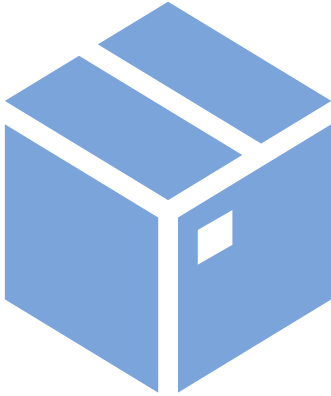
- The location of the warehouse where the goods are stored
- The date the receipt is issued to the bailor
- The receipt number showing a consecutive numbering of all receipts issued by the warehouse operator
- A statement indicating the individual or organization to whom the goods will be delivered at the end of the storage period
- The rate of storage and handling charges
- A description of the goods or their packages
- The warehouse operator's (or an authorized representative's) signature

Equipment Coverage



- This covers your equipment used to move your customers property
- It includes such items as forklifts, dollies, boxes, crates, shipping containers, straps, hooks, jacks, etc.
- It covers the equipment anywhere in the United States or Canada including
 - At your premises
 - In Transit
 - At a location that is being moved or packed
- It does NOT cover your Trucks or Trailers. Those should be covered under an Auto Policy
- Premiums are determined by applying a rate against the total values of all moving equipment insured

Customers Direct Damage



- Customers Property being shipped or stored is insured only against your negligence however coverage can be extended to 1st Party Direct Damage
- Direct Damage means the property is Insured for loss or damage regardless of your negligence as long as it is not caused by a specific exclusion in the policy
- The Bill of Lading or Warehouse Receipt has to indicate that this coverage applies

Valuation for Loss or Damage

Released Liability

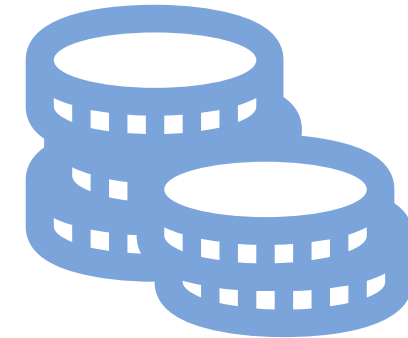
- Carriers and Warehouseman may limit its liability, in exchange for lower shipping or storage costs, to less than invoice or replacement cost.
- Limitation is generally expressed as a set amount per pound.
Example: .60¢ per pound

Full Value

- Carriers and Warehouseman can extend their liability to the Full Value of the Cargo or a Replacement Cost basis
- Very common on a Household Good Move or Storage Contract

Stated Value (Agreed Value)

- A specific value can be agreed to in advance in a move or storage contract



Limits/Items to Watch



- Motor Truck Cargo
 - Per Vehicle
 - Two or More Vehicles
 - Higher Limits are available for specific customer jobs (you will need to contact Hays Companies)
- Warehouse Legal Liability Location Limits
- Adding or Deleting Warehouse Locations

Claims and Documentation Requirements

- In the event of a claim, the claims adjuster will generally require: Bill of Lading, Household Goods Inventories; completed Household Goods Statement of Claim which details the Inventory #, Description of Item & Damage, Date Acquired, Approximate Weight, Cost when Acquired and Amount Claimed; Pictures, and copies of original purchase receipts, if available, and Appraisals on articles of extraordinary value.
- As part of the claim investigation, an inspection of the household goods will be performed. If there are items that are repairable, repair estimates will be obtained from the appropriate vendors. If there are items that are deemed a total loss, the value of the item(s) will be determined at the time of the loss
- As part of the claim investigation, the adjuster will determine the household goods carrier's limit of liability and the claim will be resolved with the Shipper on this basis.

Services Provided at No Cost

Claims Handling

- Liability determination
- Defend you as we protect your interest

Loss Prevention via Surveys and Recommendations for reduced risk

- Fleet and Driver Quality Training and Safety Practices
- Cargo Security and Loss Prevention
- Warehouse Fire Protection, Security and Loss Prevention

Your insurance carrier can make your:

- Federal FTC BMC 32 Cargo Filings
- State PUC Form H Cargo Filings
- File with the Department of Defense any required Certificates of Warehousemen's Legal Liability Insurance
- Approve Annual DPS Filings for Military Moves



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November 11th, 2021

Thank you!



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