

New Cargo Insurance Requirements effective March 21

Motor carriers and freight forwarders are no longer required to maintain cargo insurance as of March 21, 2011. The 76-year old requirement, however, will continue for household goods (HHG) carriers and freight forwarders. The Federal Motor Carrier Safety Administration rule amends 49 C.F.R. Parts 365 and 387 and ends the cargo coverage minimum of \$5,000.00 required of for-hire common carriers of freight and the required filing with the FMCSA.

Carriers and freight forwarders should know that immediate cancellation of cargo insurance filed with the FMCSA may automatically trigger "system generated letters" notifying such carriers that their authority would be terminated. According to the FMCSA, non-HHG carriers and freight forwarders may ignore such notices and the agency is taking steps to clarify the issue and alert carriers.

The original cargo insurance requirement is reflective of the state of the industry before de-regulation with the distinction between common carriers and contract carriers. With de-regulation, the FMCSA need no longer regulate the insurance requirements between private parties. According to the FMCSA, its survey of the issue found that most policies are for \$50,000.00 to \$100,000.00 in coverage and are privately negotiated between carriers and shippers.

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The opinions expressed in this bulletin are intended for general guidance only. They are not intended as recommendations for specific situations. As always, readers should consult a qualified attorney for specific legal guidance. Should you need assistance from a Miller & Martin attorney, please call 1-800-275-7303.

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