

The Most Common Trucking Cargo Claims and How to Avoid Them



Transporting cargo is more complex than just getting it from one location to another. Reduce your risk by implementing safety and cargo protective practices.



The U.S. inflation and supply chain crisis is having a significant impact on cargo claims, making fleet owners more vulnerable to high out-of-pocket expenses.

Consider this example: While resting on the side of the road, the two trailers a driver is hauling on a flatbed are stolen. **The total load value is \$181,000. With a policy limit of only \$100,000, the fleet company is now on the hook for \$81,000.**

This is just one example of a situation that has become all too common.

Hauling loads of which you do not know the true value due to inflation is risky business. The best business practice is to know the maximum value of the type of loads your business can haul before accepting jobs and performing due diligence on all cargo loads to confirm you are covered in the event of a loss.

An insurance rider can provide additional coverage if a load exceeds your current policy limits. But many of the most common cargo claims are easily avoidable with just a few operational best practices and precautions.



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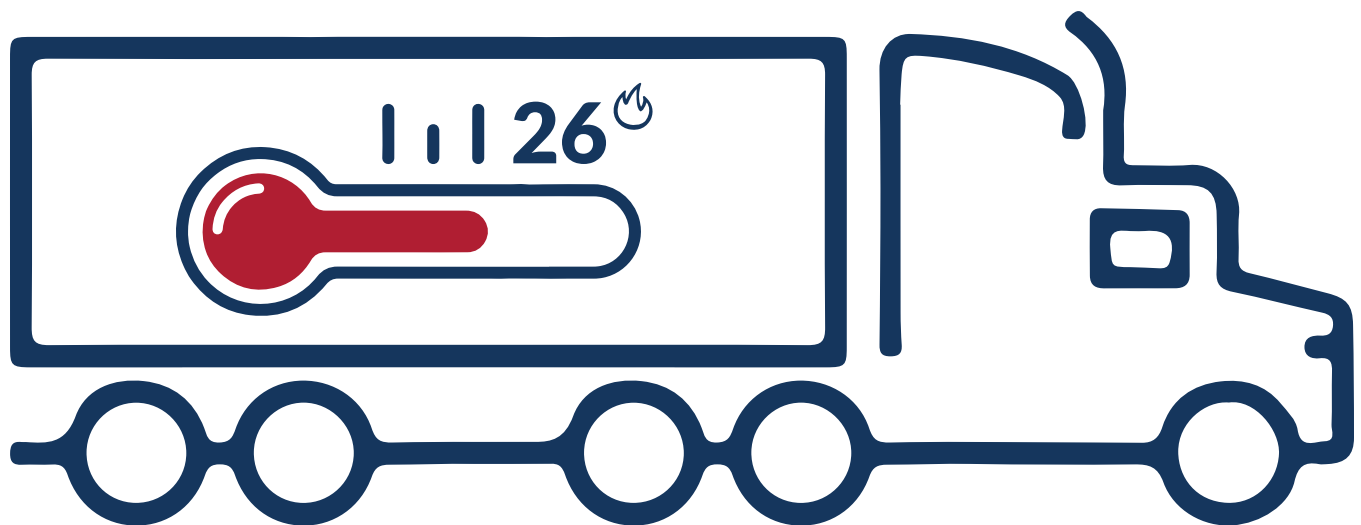
Cargo Temperature

Refrigerated cargo is expensive cargo, inclusive of meat, produce, dairy, plants and pharmaceuticals. **Food prices increased about 11% from 2021 to 2022^[1]**, and as the retail price of these items increases so does the value of the cargo load.

Temperature variation in transit can cause cargo to spoil or freeze when it's not meant to. The Food and Drug Administration's Food Safety Modernization Act puts greater focus on food safety risks related to proper refrigeration^[2] and in response, stricter temperature controls are required for refrigerated goods.

True story: A trucker transporting frozen pizza from Illinois to Washington State failed to accurately set the refrigerator container temperature before loading the pizza and transporting it across the country. Even though the bill of lading (BOL) specifically stated the reefer should be set to **10 degrees Fahrenheit**, it was set at **26 degrees Fahrenheit**. Because of this oversight, the load was rejected, causing **\$78,000 in claims**.

Temperature deviation claims can also stem from inaccurate temperature setting when the BOL and rate confirmation sheet differ; setting the container in the wrong mode (using continuous vs. start-stop for example); and equipment malfunction or maintenance-related issues.



^[1] U.S. Government Accountability Office "[Sticker Shock at the Grocery Store? Inflation Wasn't the Only Reason Food Prices Increased](#)," April 11, 2023.

^[2] FDA "[Full Text of the Food Safety Modernization Act \(FSMA\)](#)," December 13, 2017.

Best Practices for Meeting Cargo Temperature Requirements

The No. 1 way to avoid temperature-related claims is driver training.

A driver's responsibilities start before hitting the road. They should know how to **properly inspect the cargo and equipment** prior to receiving the load.

Refrigerated trailers and containers are designed to maintain cargo temperature, not cool cargo. Both the **cargo and trailer should be pre-cooled** in advance of transport. Knowing your trailer and how it operates, along with the cooling set-point for the product will help you identify how long it will take to cool. If the product is warm before it's loaded into the trailer, error has already occurred, and may turn into a claim.

Alongside your driver, your equipment is either an asset or detriment. **Maintain cooling equipment** to the manufacturer's specification and inspect as regularly as you do your trailer.

Trailer replacement programs should ideally **replace older trailers with new refrigerators every 3-5 years depending on mileage**, as older units can be more difficult to get accurate temperature readings. If resources allow, **consider updating your trailer with new technology** that helps dispatch monitor the cargo and trailer temperature versus solely the driver.



Fire

Over 30% of trailer fires are caused by brakes overheating.^[3] Other common causes include air leaks, tires, wheel bearings and accidents.^[4]

While it's very rare that cargo catches fire on its own, hazardous materials such as fuels, gasses and explosives (think fireworks) are among the most dangerous to transport.^[5]



Best Practices for Fire Incidents

Truck and equipment inspections are your first defense against on-the-road fires. Brake and wheel inspections, both manufacturer required and pre- and post-trip inspections performed by the driver will ensure all equipment is up to driving conditions. The more familiar a driver is with the vehicle, the more likely they will be able to spot maintenance needs.

When transporting hazardous materials, drivers should be **trained on and follow proper loading and transporting protocols**.

If a fire does occur, driver safety is the No. 1 priority. They should not try to rescue the load but instead get away from the vehicle, call the appropriate authorities and contact dispatch immediately.



^[3] Tire Business "Fisher: Many trailer, truck fires can be prevented," October 22, 2019.

^[4] Penske "Know the Top 4 Causes of Truck Fires," October 2020.

^[5] Liquid Trucking "Most Transported Hazardous Materials," August 25, 2020.

Trailer Theft

There was a 20% jump in reported cargo thefts last year.^[6] The most common locations for these thefts are parking lots and truck stops, as thieves take advantage of drivers' needs to sleep or take a break from the road. In many cases, it's not just the cargo that's missing but the whole trailer, and criminal rings have been responsible for more than \$150 million in stolen product in some states.^[7]

Other emerging risks include the falsification of loads by employees and the fraudulent dispatch of loads through cyberattacks. In these cases, drivers are being deceptively rerouted by hackers or brokers with fraudulent information to deliver and leave the cargo at the wrong destination.

True stories: A freight carrier booked a shipment of solar panels with an unknown party who was pretending to be the insured party. The fraudulent party picked up the load in California, which was supposed to be delivered to Utah, but stole the load instead. A claim was submitted to the insured for \$141,000, but since the insured never had possession of the shipment, it was not covered.

In another incident, a semi, along with the two lowboy trailers being hauled, were stolen when the driver left the items parked at a Florida motel over the weekend. The policy covered up to \$100,000 for the stolen goods, but the value of the two lowboy trailers was estimated at \$181,610. No suspects were ever located, and the lost items never recovered. The fleet company was responsible for the difference.

Best Practices for Avoiding Theft

Companies can implement defensive measures to mitigate losses in these situations while still providing drivers' much needed rest for safety.

These tactics can include **tracking devices** such as portable GPS devices to track and locate stolen vehicles and trailers, or cargo tracking that uses cell phone technology for high-value items. While these tools can be costly, expenses can be minimized by adding trackers to a select number of products as criminals typically steal in batches.

Strong employment practices can also help fight theft. With more experienced and trusted drivers and planned routes that avoid red zones and high-crime rate areas, you can better protect a load from potential theft. Good hiring and training practices should extend to dispatchers, load planners, warehouse and dock workers.



^[6] Transport Topics "Reported Cargo Thefts Increased 20% in 2022," February 9, 2023.

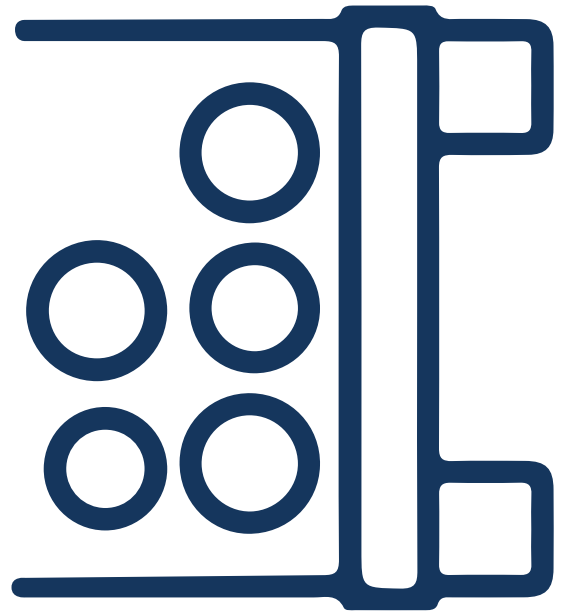
^[7] Overdrive "California investigators bust \$150 million cargo theft ring," May 11, 2023.

Vehicle Accidents

Tractor-trailers are vulnerable to rollover accidents due to their high center of gravity. When you add in unstable or unsecured loads, the probability increases. These rollover events are the first harmful event in 4% of all fatal crashes involving large trucks.^[8]

Loose or improperly secured cargo can also cause accidents with passenger vehicles. **An estimated average of over 50,000 road crashes a year are caused by road debris that was not secured properly.**^[9]

True story: A driver hauling a pile hammer undershot a turn, causing the right rear tires to slide into a ditch and the pile hammer to roll off the trailer. Both the trailer and the cargo were damaged. **The pile hammer alone cost \$14,630 to replace.**



Best Practices for Minimizing Road Accidents

Only one-third of rollovers occur in poor driving conditions or at night.^[10] Attentive and safe driving is the key to preventing rollovers.

This is the responsibility of both the driver and the dispatcher. Drivers should always **be alert, check their vehicle and know their load.** Drivers also need to have the expertise to properly secure their load, whether it be to a van or flatbed trailer.

Dispatchers must ensure all drivers are suitable for the trip. This means guaranteeing they are only operating during their **hours of service.**

Safety programs that incorporate regular driver training and utilize technology to reward good driving and penalize dangerous behaviors like speeding are a great way to monitor and motivate fleets.



^[8] Federal Motor Carrier Safety Administration "Large Truck and Bus Crash Facts 2020," March 6, 2023.

^[9] AAA Foundation for Traffic Safety "The Prevalence of Motor Vehicle Crashes Involving Road Debris, United States, 2011-2014," August 2016.

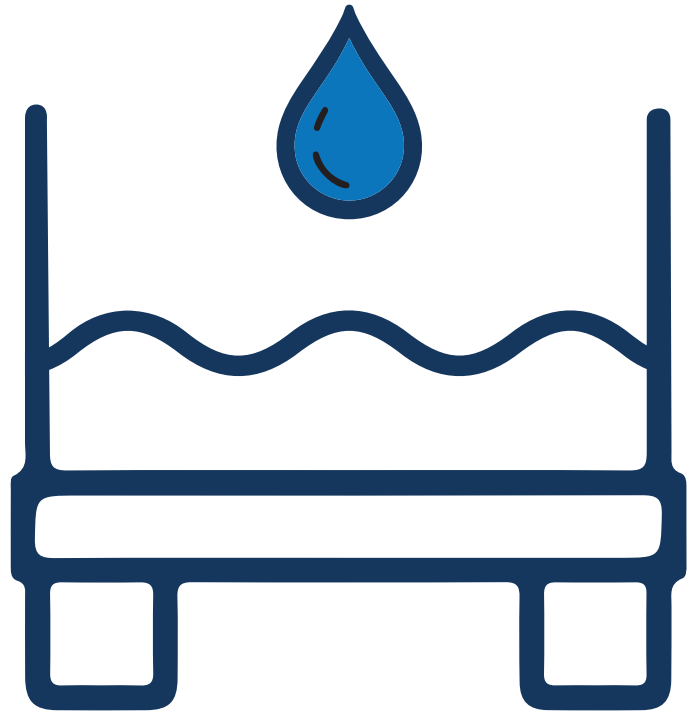
^[10] Federal Motor Carrier Safety Administration "Cargo Tank Rollover Prevention," June 2021.

Water Damage

Wet product is often rejected – especially if the BOL specifies the product cannot get wet during transport. Wood, metal, concrete and food are common products with this requirement.

Drivers are responsible for keeping their cargo dry. And it's not just from rain. Condensation and humidity cause water damage to products as well.

True story: Hot roll bar square steel was damaged during transit because the driver used a torn tarp to cover the load. The cargo got wet and sustained surface rust as a result, causing \$44,073 in damage.



Best Practices to Avoid Water Damage

Include **proper tarping** in your driver training. Tarping isn't just to protect loads from rain but also wind and dust. It also helps further secure cargo and prevent it from falling from the trailer. Oftentimes, your broker or customer will be specific about how to load and maintain the shipment during transport. These instructions should be followed, including the use of anti-humidity materials and ventilated containers.



Cargo Insurance Coverage Implications



Because of the rising cost of goods as well as the parts to repair vehicles, especially complex vehicles like semi-trucks, the risk associated with damaged or stolen cargo and equipment is extremely high for fleet owners. Whether insureds selected coverage limits prior to the inflation spike or are feeling the threat of the current theft spree, many owners will see a need to reevaluate their policy to avoid massive out of pocket expenses.

Contact IAT



Contact IAT for more information about how our team can help you stay ahead of potential accidents and claims.

