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Five Important, Often-Misunderstood Facts About Shipping Insurance

Third Party Logistics Company Provides Expert Tips on the Important Difference Between Carrier's Limits of Liability and Shipment Insurance to Help Businesses Avoid Unforeseen Costs

SALT LAKE CITY – Small and mid-size businesses (SMBs) continue to overlook shipment insurance, a crucial component of shipping that could cost businesses countless hours and put a dent in the bottom line. With the increase in shipping heading into the holiday season, Unishippers Global Logistics wants to make sure businesses have a clear understanding of shipping insurance and the limits of carrier liability.

A recent survey Unishippers conducted found that more than 70 percent of small-to-mid-sized business respondents do not have a clear understanding of how Carrier's Limits of Liability work or how to correctly determine when purchasing shipment insurance is needed.

"Shipment insurance is often a wise investment. Whether within a carrier's control or not, there are a number of factors that could damage your shipment. It's best to be prepared and minimize risk," said Unishippers President & CEO Kevin Lathrop.

Most shippers don't understand that when their shipment is damaged in transit, the carrier's basic liability program may not protect the full value of the shipment, leading businesses to absorb those costs. Unishippers helps decipher the often-misunderstood topic of Carrier's Limits of Liability and shipment insurance:

- **Don't Assume Your Freight Shipment Is "Covered" Through Carrier Liability**: Carrier liability is not insurance and, as such, may not protect the full value of your shipments. The value of your shipment under a carrier's liability is based on the class, the condition of the items being shipped and various other factors that have nothing to do with the actual value of your shipment. Carrier's limits of liability state the maximum a carrier is liable for – not the amount that they'll actually pay in the event of a claim.
- **Take Note of UPS's 'Declared Value' Field:** If you do not declare a value for your UPS shipment and damage or loss occurs, UPS is only liable for up to $100 USD. If your package value exceeds $100, Unishippers recommends declaring a higher value, which will automatically insure it for a small additional cost.
- **Be Aware of Carrier Liability Restrictions:** Carriers often have long lists of specific commodities that can translate to further reduced liability – like certain electronics, the shape of the item, etc. Employing the help of a 3PL to determine if restrictions apply to your shipments is recommended.
- **Never Use Carrier's Limits of Liability to Determine Whether or Not to Purchase Shipment Insurance:** While it's a particularly good idea to consider shipment insurance for a high value or fragile shipment, it is actually recommended for all shipments. A loss can have a much bigger impact on a company's bottom line than you might think. For example, if a company has a shipment that is worth $5,000 with a 4 percent profit margin, your company has to make an additional $125,000 in revenue that year to make up a $5,000 loss due to a damaged shipment.
- **Purchase the Right Amount of Insurance**: If your shipments are high in value or consist of items such as heavy machinery or used goods, it is important to purchase the correct amount of shipping

insurance to cover the invoice value of the item(s). This way, if the package is damaged or lost and needs to be replaced, the business can have enough insurance coverage to make up the loss.

"Time is money, and businesses don't have the hours to go through the often tedious and daunting claims process to recoup the full value of the goods," Lathrop added. "Plus, carriers value commodities at a much lower amount than the actual value of goods. This means that even with a successful claim, the business does not always recoup the full value of the shipment. To ship worry-free, it is recommended to work with a 3PL partner to determine the correct amount of insurance required for both freight and small package shipments."

Unishippers partnered up with UPS Capital® Insurance Agency, a premier national insurance provider, and negotiated special shipment insurance rates exclusively for its small and mid-size customers. With shipment insurance through UPS Capital, freight customers can receive full and flexible coverage at the amount of the invoice, plus freight – and the coverage applies to any carrier or mode of transport. Additionally, if your small package shipment with UPS exceeds $100, you can declare a higher value for the shipment and shipment insurance will automatically be applied for a small additional cost. To learn more, visit https://www.unishippers.com/content/ShipmentInsurance.html.

About Unishippers
Unishippers Global Logistics ("Unishippers" or the "Company") is a leading provider of third party logistics services to over 50,000 small and medium-sized businesses through a network of nearly 300 franchise locations and affiliate outlets. The Company offers small package and heavy freight services, including LTL, FTL and air freight through UPS®, Saia®, Estes®, YRC Freight and UPS Freight® and other major carriers to manage the pickup, transport and delivery of customers' shipments. The franchisees leverage the scale of the combined network to offer customers attractive shipping rates and are committed to providing best in class service. Unishippers' strategy has resulted in significant growth year after year, and the Company has been recognized as a top freight broker by *Transport Topics* and a top franchise by *Entrepreneur*, *Franchise Times* and the *Inc. 5000*. The Company was founded in 1987 and is headquartered in Salt Lake City, Utah. For information on Unishippers, including information on franchising opportunities and price quotes, visit: www.unishippers.com.

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