 Multi Modal Transport (MTO) Insurance

The International Freight Forwarding market has changed considerably over the past few years with the introduction of Multi-modal Transpoters ( MTO).

And there is now an increased number of transport providers such as freight forwarders, shipping agents, packing and consolidating agents clearing and forwarding agents, offering a variety of services to trading companies, many of whom are operating on a world-wide basis.

Many of these enterprises have also converted themselves into MTO and have taken the license within the purview of the MTO Act. It is mandatory for the MTO operator to have its services insured in order to get the license from The Director General of Shipping.

IFFCO-TOKIO is the first Indian Insurer who has created an insurance policy to meet the needs of the modern freight forwarder. The policy can be issued to the players in the field of freight services in India. Till now the insurance on the marine liability of this industry was being placed abroad, since no such cover was available in the market.

The Policy

The Transport and Related Liability Cover (commonly known as MTO policy) takes care of all marine liabilities of the logistics industry.

Whom does this policy cover?

* MTO
* Freight Forwarder
* Hauliers
* In transit Warehousing
* Ship Agents
* Clearing and Forwarding Agents
* Custom House Agents
* Packing and Consolidating Agents

What Operations does the policy apply to:

* Air Movements
* Sea Movements
* Road Movements
* Rail Movements
* Acting as agent for third party NVOC principals

Coverage under the policy

The policy covers legal liabilities arising out of:

* Physical loss or damage to cargo while in the care, custody and control of the insured, or a party who has contracted or sub-contracted to provide transport services
* Physical Loss or damage to vessel or equipment owned or operated by a subcontractor or customer
* Consequential loss and/or business interruption resulting from 1 above
* Unrecoverable cargo's contribution to general average
* Fines and Duty
* The Errors and Omissions extension would cover legal liability arising out of the operations of the insured following a negligent act, error or omission by the insured, his agent or sub contractor
* The Third Party Liability extension would cover physical loss or damage to property, bodily death or injury or illness and legally recoverable consequential loss arising out of the operations of the insured.

**Freight Forwarders Insurance Policy**

**Get thoroughly analyzed and researched insurance options in less than 30 Seconds:**

**Get coverage for physical damage to cargo.**

**Cover fines and penalties due to breach in regulations.**

**Get quotes from leading insurers such as ICICI Lombard, New India and Iffco Tokio.**

**Add-on special covers such as Third Party Liability, Errors & Omission**

**State the difference between Carrier Legal Liability and Multimodal Transport Operator Liability?**

/[Liability Insurance](https://securenow.in/insuropedia/category/liability-insurance/) /State the difference between Carrier Legal Liability and Multimodal Transport Operator Liability?

The demarcations between carrier legal liability (CLL) insurance and multi-modal transport operator (MTO) legal liabilities insurance are defined in terms of different mode of transport coverage, coverage of the geographical region, and service provider’s statutory requirement of buying the respective policy.

[Carrier legal liability](https://securenow.in/commercial-liability-insurance/carrier-legal-liability) covers the legal liability arising due to fire or accident to the vehicle during the transit which resulted in damage or loss of goods or cargo. The coverage is active during loading and unloading of goods, meaning if any damage occurred to goods due to improper handling of goods at the time of loading or unloading, it will be covered under CLL insurance. The reason of loss should be the negligence of the insured in order to cover the claim against such damages.

**Multimodel transport operators’ legal liability covers** any loss or damage to the consignment or delay in delivery of the consignment incurred due to the errors or omission committed by MTO or if the multi-modal transporter is in fault due to any negligent act or breach of contract. While the consignment is in charge of the MTO, he will be held liable for any delay or loss of cargo.

Carrier legal liability insurance and [multimodal transport operator liability insurance](https://securenow.in/profession/freight-forwarder) policy serve the transportation industry, logistic industry or freight forwarders in order to mitigate the risk of damaging the goods during a transit because of negligence. Both these policies capture different service providers. Carrier legal liability insurance majorly covers the truckers while Multi-modal legal liability insurance policy covers freight forwarders, MTO, Hauliers, In Transit Warehousing, Ship Agents, Clearing and forwarding agents, custom house agents and Packing & consolidating agents.

***Read About:***[***How is the duration and applicability of cover determined in Carrier legal Liability Insurance?***](https://securenow.in/insuropedia/duration-applicability-cover-determined-carrier-legal-liability-insurance)

Carrier Legal Liability provides coverage for road movements and on the other hand, MTO legal liability provides coverage for all modes of transport such as air movements, sea movements, road movements, rail movements involved under one contract.

One of the major difference between carrier legal liability and Multimodal transport operator liability is the coverage of geographical regions mentioned in the terms of policy as carriers legal liability covers the legal liability of insured for actual physical loss of or damage to goods while being transported within India only by a vehicle specified. Whereas Multimodal transport operator legal liability takes care of all marine liabilities of the logistics industry.

For an MTO, It is mandatory to have its services insured in order to get the license from The Director General of Shipping but It is not mandatory for carriers to ensure their services but the carriers who want to take this insurance should be registered under the Carriers Act.

***Read:***[***What is covered under the freight forwarder insurance policy?***](https://securenow.in/blog/covered-freight-forwarder-insurance-policy)

**Case Study 1:** ABC logistics private limited specializes in inland transit. Its operation usually consists of domestic road transport. The logistics firm uses trucks as a mode of transport and in order to provide protection shield for its business, they have availed carrier legal liability policy. In case of legal claims arising due to an accident to the vehicle or negligent act from the firm’s side, then carrier legal liability will cover the defence cost incurred during the litigation process.

**Case Study 2:** ABC Corporation Limited is an international freight forwarders firm. It usually uses international waterways in order to transport goods between different countries. ABC Corporation limited majorly transports FMCG products manufactured in India to other different countries. Since the organization operates internationally, it is mandatory to buy MTO legal liability policy under MTO act.

It is important to be aware of the statutory requirement of having these policies in order to provide transportation services internationally or domestically. It is always advisable to avail these policies to add a protective layer to your services.