

Errors and Omissions Program for Freight Forwarders

Industry Insights Business Insurance

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Why Do I Need Errors and Omissions Insurance?

As a freight forwarder, your daily operations require careful attention to detail. Without the necessary protection, even a small oversight can have a devastating effect on your business. You need an Errors and Omissions policy to protect you from claims that your client may file against your company should you or one of your employees make a mistake which causes your client to suffer a monetary loss. E&O insurance is important, especially if you are involved in procuring marine cargo insurance for your clients - claims associated with improper procurement of marine cargo insurance can be very costly.

What Types of Situations Are Covered by an E&O Policy?

Claims arising from errors or omissions you make while acting as a freight forwarder are covered under our policy. The following are examples of the types of mistakes that are covered by an E&O policy:

- Failure to follow shipper's instructions
- Documentation errors
- Incorrect quotation of freight charges
- Late delivery caused by your negligence
- Mis-shipment
- Negligent selection of a trucker
- Failure to exercise reasonable care when arranging for subcontractors to store, pack or crate merchandise
- Misdirection of freight
- Issuing a marine insurance certificate or declaration for less than the value of the cargo
- Failure to insure cargo when instructed to do so
- Issuing a marine insurance certificate or declaration with an incorrect or restricted geographical destination
- Freight lost in transit
- Freight stolen during transit
- Failure to collect or failure of your overseas agent to collect

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What is an Example of an E&O Claim?

The following are actual claims covered by a policy offered by Roanoke Trade:

Failure to Follow Instructions

A freight forwarder arranged for a shipment of textiles to be transported from New York to Israel. The shipper advised the freight forwarder that the shipment was to go direct; there were to be no trans-shipments or partial shipments. However, the goods were trans-shipped through both London and Rotterdam arriving at the final destination three weeks late. Due to the delay, the shipper's contract for the textiles was canceled. The shipper filed a claim against the freight forwarder for loss of market.

Failure to Procure Adequate Marine Insurance

A freight forwarder was instructed to obtain marine insurance for a shipment of ceramic tile being shipped to Europe. The freight forwarder issued a marine certificate, insuring the shipment "All Risk" under his open cargo policy. Damage occurred. No coverage was afforded under the marine policy; ceramic tile was a restricted commodity and could only be insured subject to limited conditions. A claim was filed against the freight forwarder for failing to procure adequate marine insurance.

What Benefits Will I Receive From an E&O Policy?

With an E&O policy, you can be confident your business is protected from costly lawsuits. In addition, with a Roanoke Trade E&O policy, you won't have to pay any attorney fees or other claims investigation expenses. We pay all of these costs for you.

How Much Does an E&O Policy Cost?

We rate our policy according to the number of employees in your company and other factors related to your business exposures.

For more information on E&O coverage, or to receive a no-obligation quotation, contact a Roanoke Trade Account Representative.
