

# Take Inventory Of Your **Coverage**

What you need to know about warehousemen's legal liability insurance

by Louis Heffer and Jeff Cook

Warehouseman's legal liability insurance coverage is designed to insure the warehouseman (called the "bailee") against loss of or damage to property of others (the owner or "bailor" of the goods) while in their care, custody or control as a result of the warehouseman's legal liability. If a claim occurs, the insurance company providing the coverage has a duty to investigate any claim for loss or damage.

If the warehouseman is deemed to be legally liable for loss or damage to the owner, the insurance company will pay any damages as required. Sometimes the payment by the insurance company may be greater than the actual loss.

This is because the policy is a legal liability cover, and the defense expense can add to the payment that is made.

**The owner's failure to insure to 100 percent of value could result in him absorbing a co-insurance penalty.**

#### WHAT IF MY COMPANY IS SUED?

Defense costs related to a lawsuit brought on behalf of the owner would also be covered if the policy includes a duty to defend and will also include other expenses related to the lawsuit.

At this point, since the household



goods remain under the bill of lading, indicating no conversion to permanent storage, the warehouseman is still considered a carrier of the goods and the carrier's legal liability, which is much broader than warehouseman's legal liability, would be applicable.

Usually, the moving company providing the storage in transit (SIT) will also transport the goods to the final destination.

SIT is usually available for a pre-determined number of days, which are set

by the moving company. The industry standard is 90 days.

Once the specified timeframe elapses, a conversion letter indicating that the goods will convert into permanent storage should be sent to the owner and a Warehouse Receipt must be issued. If it is not sent, the goods would be deemed to remain "in transit." No specified time framed is required for household goods to be considered in permanent storage. However, once they are in permanent storage, they can be in permanent storage for any period of time.

Permanent storage is provided to an