

Bonded Car Transport Company

Part of the trio "Bonded-Licensed-Insured" close to which auto transport companies like to present themselves, "bonded" is the only one the car shipping customer should not be concerned with.

If it is in your best interest to check if the company you want to hire is licensed and insured, it is only between the carrier/broker and the FMCSA that the surety bond must be agreed with. Such a surety bond is a prerequisite for obtaining the right to operate from the FMCSA, so you generally could conclude that, as long as a company is licensed and insured, it is also bonded.

Each broker must purchase a bond that other parts can go after, if unhappy with the broker's services.

So what is the difference between bonded and insured?

The terms are often misunderstood, and there is a good reason for this: some companies that offer insurance coverage, also offer bonds.

While both terms refer to some kind of financial coverage, insurance is related to the risk to which goods are exposed (e.g., car damages), while bond refers to the way a certain service has been performed (e.g., broker doesn't pay the hired carrier).

In brief, a bond has to do with the services offered rather than the items involved. If these services have not been performed as agreed, the bonding company may be required to compensate for the financial loss.

More from the Car Shipping Dictionary