



Forwarding Authority vs. Trip Leasing: A Better Path

To fully appreciate the benefits of utilizing a forwarding authority within the Move Masters program, it's important to examine the limitations and risks associated with trip leases – especially when the Booking Carrier (you) is not directly transporting the goods. By leveraging the Booker's forwarding authority alongside Move Masters' network of trusted service providers, these challenges are significantly reduced, resulting in a more efficient and dependable shipment process...

Forwarding Authority vs. Trip Lease

- **Forwarding Authority:**
Booking Carriers with forwarding authority can directly engage Hauling Carriers to manage transportation and interline the shipment. In this scenario, Move Masters acts as the broker, using the Booker's forwarding authority to contract Hauling Carriers from its vetted network. This approach eliminates the need for trip leases, ensures compliance, and maintains high service standards.
- **Trip Lease:**
Without forwarding authority, Booking Carriers must rely on trip leases (verses an interline arrangement), where Hauling Carriers effectively lease their services (driver and equipment) to the Booking Carrier. This arrangement reduces the Booking Carrier's control over performance and limits the ability to enforce consistent service standards.

Risks and Shortcomings of Trip Leasing

- **Compliance Risks:** Trip leases place the full compliance burden on the Booking Carrier, with any infractions committed by leased drivers and equipment under the trip lease directly impacting the Booker's safety ratings and exposing them to fines and penalties. In contrast, an interline arrangement under a forwarding authority, coordinated and managed by Move Masters, shifts compliance responsibilities to the physical hauler. This structure simplifies compliance management and significantly reduces the Booking Carrier's exposure to regulatory risks.
- **Insurance and Liability Complications:** Trip leasing often shifts insurance and liability responsibilities to the Booking Carrier, increasing risk exposure. By operating under forwarding authority, liability management becomes clearer, with accountability directed toward the Hauling Carrier.
- **Reputational Risks:** If a Hauling Carrier under a trip lease arrangement does not meet performance standards, it can damage the Booking Carrier's reputation. By utilizing Move Masters' network, the Booking Carrier gains access to carefully vetted carriers with proven performance records, thereby reducing the reputational risks associated with inconsistent service quality.

Process for Adding Forwarding Authority for Companies with Existing Motor Carrier Authority

1. Eligibility Verification

- Confirm the company is a registered legal business entity (e.g., LLC, corporation).
- Ensure possession of an Employer Identification Number (EIN) from the IRS.
- Verify the company meets FMCSA requirements for freight forwarders.

2. Application Submission

- Create an account on the [Unified Registration System \(URS\)](#).
- Complete the [OP-1\(FF\) form](#) to apply for freight forwarder authority.
- Specify the type of authority needed (e.g., household goods).

3. Insurance and Bonding

- Secure Cargo Insurance (minimum \$5,000 per shipment and \$10,000 per accident).
- Obtain a \$75,000 Surety Bond (BMC-84) or establish a trust fund agreement (BMC-85).

4. Designation of Process Agents

- File a [BOC-3 Form](#) to designate process agents in all states of operation.

5. Fee Payment

- Submit the \$300 application fee (current as of 2024) through the URS system.

6. FMCSA Review and Public Comment Period

- FMCSA reviews the submitted application and documentation.
- A 10-day public comment period follows, during which objections can be filed.

7. Authority Approval

- Once approved, FMCSA issues the forwarding authority, allowing the company to operate legally as a freight forwarder.

8. Ongoing Compliance

- Maintain active insurance and bonding requirements.
- Adhere to FMCSA regulations and renew registrations and filings as needed.

For detailed guidance, refer to FMCSA's [Getting Started with Registration](#) page