

THE INVESTIGATION OF FREIGHT CLAIMS

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The Investigation of Freight Claims by George H. Hunt

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GEORGE H. HUNT

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OF
FREIGHT CLAIMS**

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INTRODUCTION

Until recent years there was probably no greater cause for unfriendliness on the part of the shipping public toward the carriers than the failure to settle promptly freight claims submitted to them by the shippers. It was not uncommon for claims which should have been settled on sight to be held up for six months or a year, and the shipper or claimant, despairing of ever receiving a settlement, would charge the amount off to Profit & Loss and the experience to education.

The opposing factions, however, came to see the desirability of co-operation with each other to remove as far as possible cases of unusual delay. Today there is, as a whole, very little occasion for complaint on the score of the time consumed in the adjustment of claims.

The improvement that has been effected is probably most forcibly illustrated by the following remarks of Mr. J. M. Belleville, Chairman of the Freight Claims Committee, National Industrial Traffic League, representing some 80,000 shippers.

Under the old conditions it was but seldom that a claim for either loss, damage or overcharge, was adjusted in a less time than 90 days, and ten years ago, we considered that if we could get an average of settlements in six months it was a remarkable record. Under present conditions, a majority of what we call straight overcharge claims; that is, where the evidence is perfectly clear and there are no complications, are settled inside of 30 days, and the writer knows of a number of concerns who have quite large claim accounts whose record for the year 1910 shows an average under 60 days for settlement of claims of all descriptions.

THE INVESTIGATION OF FREIGHT CLAIMS

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1920

(4-100)

Transport

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Under the old conditions damage claims were rarely, if ever, settled in less than six months from the date of their filing, while during the year 1910 a large number of damage claims, as reported to us by various members, were settled within 30 days from their presentation. • • •

Of course, perfection has not been obtained and never will be, but we believe that through a continuance of such co-operation as has been in evidence and has been growing steadily during the past two or three years, our troubles on the claim question will be reduced to the lowest possible minimum.

CAUSES FOR INCREASE IN CLAIMS

The significance of the freight claim problem is fully brought out by the fact that the payments for loss and damage claims increased from \$7,056,622 in 1900 to \$23,032,212 in 1916, an increase of 226 per cent. Many reasons may be advanced to account for this remarkable increase, which is making heavy inroads on the carriers' revenue. Among the more important are the following:

First, the ever-increasing value of the articles of commerce. As a result, the cost to replace or repair them, in case of loss or damage, is greater.

Second, the extension of trade areas and shippers' fields of activity, thus necessitating longer hauls, many of which involve several transfers and the attending risk of loss or damage thereby.

Third, an increase both in the number of men and the compensation paid thereto in the freight claim departments of the carriers. Shippers in many cases have realized the advantage of having trained investigators in their employ and have not hesitated to raid the claim departments of the railroads to secure seasoned timber. This has made it somewhat difficult for the railroads to keep efficient men in their claim departments after training them.

Fourth, the education of shippers with respect to their rights and the carriers' liability.

Fifth, claims involving an exceptionally long time in investigating. While every possible effort is made to dispose of claims with reasonable despatch, certain claims do come up which necessitate investigation by many carriers and through several departments. Such investigations cannot be completed in the time allotted for ordinary investigation.

Sixth, the increased size of carriers' equipment and motive power, the introduction of air brakes on freight equipment, the establishment of "hump" or "gravity" yards, all tending to increase the damage to freight through strain or jar occasioned by jolting from sudden impacts in the stopping or starting of the train.

Seventh, the introduction of substitutes for wood containers for the transportation of property. While the various classification committees have done their best to establish various specifications for containers of this kind, providing for certain thicknesses of straw board, fiber board, or paper board containers, so far as some commodities are concerned, these containers have as yet proved far from satisfactory.

Eighth, the extension of the terminal facilities of the carriers. A decade or so ago, the carriers had ordinarily but one station at which they received freight, except in the larger cities. With the rapid development of the industrial concerns in recent years, however, came the establishment of industrial spur tracks and receiving stations in outlying industrial districts. Miscellaneous traffic is taken to the main loading station in general cases in so-called "trap" or "ferry" cars and there reloaded in proper cars for the various destinations to which the freight is consigned. The interchange of such cars in some cases involves switch movements over three or more lines. The attending risk may, therefore, be well appreciated.