

THE INVESTIGATION OF FREIGHT CLAIMS

ONE OF A SERIES OF TREATISES IN AN INTERSTATE
COMMERCE AND RAILWAY TRAFFIC COURSE

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(Non-Resident Instruction)

CHICAGO

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1916

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THE INVESTIGATION OF FREIGHT CLAIMS

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.

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 \$30,707,675 in 1910, an increase of 335 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.

Ninth, the complexity of tariff and classification publications. Since the effective regulations of the issuance and filing of schedules of this character, much progress has been made in regard to uniformity in the arrangement of these publications. However, the delegation of authority to one individual to publish the rates of several carriers has resulted in very voluminous publications, known as agency tariffs, which are in some cases, to say the least, difficult of interpretation.

Tenth, the inadequate protection afforded by the ordinary clasp or door fastening in general use. The fastening frequently is nothing more substantial than a thin wire or tin fastened by means of a piece of soft lead, which is crushed in a seal press and which shows from the number imprinted thereon where the seal was applied. The use of the seal merely affords evidence as to whether the door has been opened or not. It does not prevent robbery and is not an obstacle to thieves. The carriers have long been the prey of organized bands of robbers, whose robberies are most difficult to cope with. A recent bill enacted by the federal government providing a severe penalty in the form of a fine and imprisonment for breaking the seal of or entering into a car which contains interstate traffic with intent to pilfer, is expected to curtail, to a considerable extent, the depredations of these bands.

Eleventh, the manner in which package freight is handled. The opportunity for thieving is prevalent from the time the shipment is tendered to the drayman for transportation to the carrier's depot until delivery is made to the consignee. Many instances are on record where carriers have had to pay claims when the theft of the property occurred prior to the delivery to them. In large shipping centers a large amount of merchandise is handled through the carriers' depots and the access

of the general public to these depots makes it impossible to prevent pilferage, although usually there are stationed at such places special agents or railroad police, whose duties are to safeguard as far as possible the consignments in the carriers' possession. The fact, however, that one, two, or three men may sometimes be delegated to watch nine or twelve hundred others shows how difficult such supervision must necessarily be.

The foregoing sums up the more important elements that create claims. While in remote cases other elements may intervene, the majority of claims can be ascribed to one or more of the above causes.

THE FREIGHT CLAIM ASSOCIATION

There was organized some twenty years ago an association called the Freight Claim Association. Today practically all of the carriers of the country are members of this association, the purpose of which is to promote the interline settlement of freight claims between carriers. It is a recognized fact that the work of this association has been conducive of much good for the interests of the carriers and the shipping public. The members are governed by a very elaborate set of by-laws and from time to time rules are announced that govern the adjustment of claims and provide for the accounting and adjusting of claim payments between carriers. These rules are, in fact, precedents established for the government of the member lines in the adjustment of similar claims in the future.

It is not unusual, in adjusting a claim between carriers, for them to find, after the claimant has been paid, that they are unable to fix the responsibility or degree of responsibility among themselves. In order that the amount may be properly distributed, the association

maintains what is known as the Arbitration Committee, whose duties are to pass upon the contentions of the interested lines and determine the loss or portion of loss that shall be borne by each. As every case submitted to the Arbitration Committee calls for the payment, by the line submitting the case, of a fixed sum to cover the expense of arbitration, this practice is not resorted to except in extreme cases.

Most carriers who are members of the Freight Claim Association have adopted a system of direct investigation. The carrier against which the claim is filed communicates directly with the agents of the interested carriers whenever practicable and inquiries are addressed to the Freight Claim Association officials only after failure to obtain information from the agent or when the nature of the inquiry makes it necessary. In this manner the possible loss of papers and the unnecessary handling by carriers not directly concerned in the payment of the claim are eliminated.

A monthly distribution statement is prepared and forwarded to each interested carrier under Freight Claim Association rules. This statement shows the billing reference over the lines of all the interested carriers, the amount charged to each, the route over which the shipment moved, the amount of overcharge or loss, etc., involved by the application of the erroneous weight, etc., and the division of the revenue. This is done in order to apportion the amount refunded to the claimant among the several carriers.

When a carrier not working under this plan is interested, the claim papers are retained by the paying carrier to negotiate with such carrier. When the claim papers are forwarded to any carrier in accordance with this plan, they must be returned to the paying carrier within one year from the date that the claim is distributed.

When the claim is paid the draft or voucher account, as the case may be, is debited with the amount due from the claimant carrier, providing the investigation has divulged this information. If not, the entire amount is charged to the proper account. When the investigation is complete, the account to which the claim is charged is credited, and such portion as may be due from the claimant carrier is charged to the account as prescribed by the Interstate Commerce Commission's classification of accounts.

Adjustment of claims between carriers is effected through what is known as arbitrary interline claim account, draft authorization, bill, and voucher plan.

Most of the principal carriers of the country, being members of the Freight Claim Association, have adopted the arbitrary interline claim account plan. This plan provides for the arbitrary issuance of a draft on the carrier owing. Such debits are properly distributed on an abstract of distribution, and on or before the tenth of each month, the paying claimant carrier renders a statement of amounts due from each debtor carrier in claims handled under this plan. Draft is made by the creditor carrier on or after the tenth of the succeeding month. This draft must be honored, and the debit investigated.

If for any valid reason the draft is not satisfactory, the debtor carrier has the privilege of recharging such debit, and the burden of further proof devolves upon the claimant carrier.

Carriers not working under the above-described plan require that all claim papers be first submitted to them for authority to issue draft or authority to be adjusted by bill and voucher.

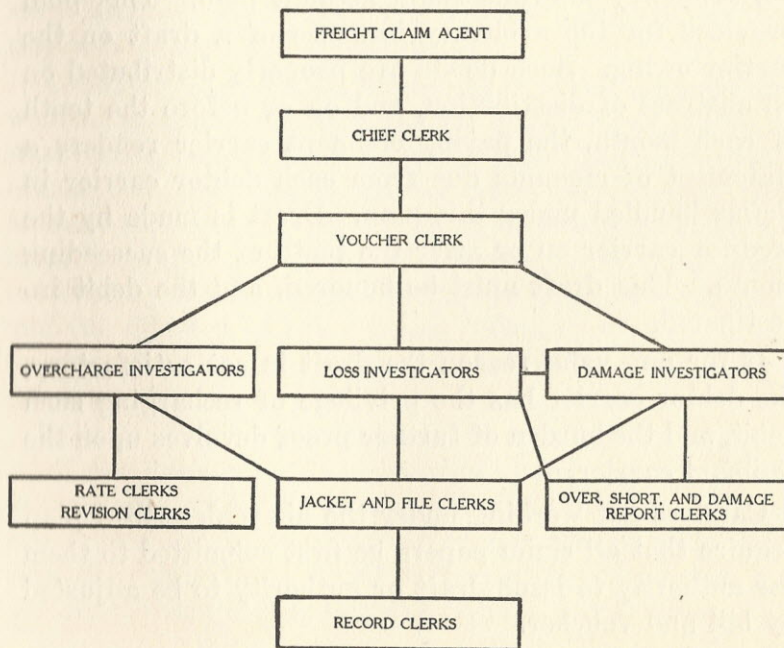
It is not proper practice for carriers to adjust claims immediately upon presentation and without investigation. The claim must be proved before it is paid.

It is not permissible to allow claim correspondence to pass into the hands of consignors, consignees, or claimants.

Receipts for claim payments should be so worded as to cover liability of all carriers participating in the haul.

ORGANIZATION OF RAILWAY CLAIM DEPARTMENTS

To conceive properly the various features of the investigation of freight claims, the settlement with claimants, and the final adjustment with the carriers interested, it is necessary to understand the organization of a claim office. The accompanying diagram shows this organization for a typical office.



The office usually consists of a recording bureau, a bureau of investigation, a rate bureau, an "over, short, and damaged" report department, a revising bureau, and an accounting bureau. The two last-named departments are frequently incorporated in the accounting department.

When a claim is submitted to the carrier it is first handled by the recording department or record clerk, who assigns a number to the papers that are enclosed and acknowledges receipt to the claimant, giving him the railroad number assigned to the claim. By means of the railroad number it is at all times to be identified and referred to in correspondence with relation to that particular claim.¹ The papers are then passed to the jacket or file clerk, who affixes a stout cardboard back to the papers in order to prevent as far as possible their mutilation. The number that has been assigned to the claim by the record clerk is stamped in several conspicuous places.

The claims are assorted according to their nature, whether for overcharge, for loss, or for damage, and are turned over to the investigator assigned to that particular class of investigation.

The bureau of investigation is composed of a force of men experienced in all lines of railroad work, but especially in the particular branch of investigation to which they are assigned. Upon this bureau devolves the duty of passing on the merits of the claim, the preparation for payment, and the apportionment of the loss among the interested carriers.

Assuming that the claim be for overcharge, the investigator ascertains from tariffs, through the rate clerk of the department or the general freight office, whether the rate claimed is correct or not. If the rate is correct he

¹A great deal of time for all concerned will be saved by using this number at all times.

cites the tariff numbers, including the I. C. C. number of the publication or publications containing the rate or rates between the points in question.

In claims involving the shortage of a shipment at destination, the investigator assigned to that class of work will refer to the "over, short, or damage" reports issued by various agents at different points on the line. These reports show the property which has been received by the agents for which they have no billing, etc., and which does not apparently belong at their station. Reports from connections relative to through package cars are likewise received. These cars may be handled over two or more lines, and frequently the shortage can be located as an overage at some other point and it only remains to order the goods reforwarded to their proper destination.

In claims involving the destruction or damage of property, the investigation involved is much more comprehensive than that employed in connection with other classes of claims. The object in such an investigation is to ascertain whether the shipper or the carrier or, in the event that there are two or more carriers, which of the carriers is primarily responsible for the damage to or loss of the property. However, as these features are more fully dealt with in the subsequent portions of this treatise, they will not be discussed at this time.

The investigation department, having developed that the claims as rendered are valid, certify to that fact and pass the claims to the revision clerk, who prepares a draft in favor of the claimant for the payment of the amount involved. The claim is then passed to the accounting department in order that the claim number may be checked and charged on the accounting records of the shipment. The purpose of this is to avoid the possible payment of another claim on the same shipment and to

serve as another means of locating this particular claim in the event that at some later time the papers should be desired for some particular purpose and the number is unknown.

The draft is then sent to the claimant. This concludes the claim in so far as the claimant is concerned.

THE INVESTIGATION OF CLAIMS

As stated, claims are divided into three classes, viz., those for loss, damage, or overcharge. While the first two are related in the sense that any damage is necessarily a loss, they may be properly distinguished from each other, as the attending circumstances are not identical in each case. For example, a claim for loss may be discounted by finding the shipment at some other station and filling the shortage, which in most instances causes the withdrawal of the claim, whereas a damage of any kind represents a permanent injury, from which the shipper has suffered a monetary loss and for which he demands compensation.

(a) Claims for Overcharge

This form of claim is the easiest to adjust, for it involves only a question of fact, or, in other words, what rate was in effect over the route that the shipment traveled at the time that it moved. As the federal requirements compel the carriers to file their rates with the Interstate Commerce Commission, and many states have followed this lead, it is usually quite easy to determine the rates that should be applied to the shipment, although modifying circumstances may enter into individual cases, as, for example, the disregard of the shipper's instructions as to the route over which the shipment should have been forwarded.

Claims for freight overcharges are filed for various reasons, viz., because of the application of a rate in excess of the legal published tariff rate, improper classification, excessive weight, or allowances for various terminal expenses, such as the elevation of grain, refrigeration, switching, icing, milling in transit, etc., for which the carriers have, as a rule, published tariffs permitting the absorption of these charges.

Here it is appropriate to make the statement that it is not possible for the carriers to pay claims without first conducting an investigation, as the Act to Regulate Commerce and the rulings of the Interstate Commerce Commission specifically prohibit this practice. In the past, the payment of claims has been the means of refunding to shippers charges to which they were not justly entitled and which accordingly were in the nature of rebates; hence, before claims are paid, the acknowledgment of the erring road is obtained. An essential factor in the prompt adjustment of claims is the careful study of a claim when it is first filed. It should be determined at once on what basis the claim is filed, what documents will be required to substantiate the claim, and finally what amount shall be apportioned among all the carriers interested. Letters necessary to secure all essential documents and information should be written at once.

In Rates.—Claims are immediately referred to the freight claim bureau of either the delivering or the initial line in order that the through rate from points on its line to points on connections may be determined. If the investigation develops that the claim is valid, the claim is then referred to the auditor of freight accounts for a check as to billing, i. e., the claim number is recorded on the accounting records, as previously stated, and the charges on the freight bill, or the amount said to have been paid, are checked from the auditor's records. In

this way it is determined that the freight bill is correct and the charges thereon have been properly accounted for.

In this connection it is appropriate to state that frequently the billing agents detect errors that they have made in billing shipments and issue what are technically known as audit corrections, reducing the billed charges to the correct basis. While the general requirement is that in order to obtain this refund from the delivering agent, the original expense bill must be surrendered by the consignee, occasionally, through oversight, the expense bill might not be taken up and the opportunity for duplicate payment in the shape of a claim becomes existent. The check in the auditor's office, however, against the records of that particular station precludes this possibility.

In handling claims of this character, a claim investigator first determines that the claim is properly supported by the necessary documents. In the absence of these or in the event that additional information is required, he requests such documents or information as is essential. A complete chain of the waybilling covering the shipment involved is requested through junction agents at points where the shipment is rebilled. In the case of interline billing, a division of the revenue on such billing among the several interested carriers is requested from the auditor of the line that adjusts the charges, which, in all cases, is the delivering carrier. It must be borne in mind, however, that the point to be considered first is the payment of the claim. As soon as it is proved that an overcharge exists, the refund should be made in order to avoid any unnecessary delay and the possible accruing of interest charges.

In this connection, the Interstate Commerce Commission has stated that in cases where a settlement is effected

within thirty days it should be considered as a reasonable time and no interest charges should be assessed.²

After payment has been made to the claimant, the final disposition of the claim as between the several carriers participating in the haul can be held in abeyance until the necessary evidence as to the responsibility is complete.

In Weight.—Claims for overcharge in weight are, in many cases, difficult of adjustment and require exhaustive investigation. In most cases, these matters are reviewed by weighing associations having jurisdiction in the territory or territories through which the shipment traveled and in which it was weighed.

The circumstances under which the weights are obtained must be investigated with respect to the conditions of the scales and the weather at the time of weighing. The condition of the material shipped, i. e., with respect to natural shrinkage or the accumulation of foreign material, such as moisture, ice, or snow, must be determined.

In the case of lumber and other forest products, the manner in which billed and the dimensions are essential factors. Whether the lumber was rough or dressed, green or dry, must also be taken into consideration.

Throughout the country, the various weighing associations have entered into what are known as weight agreements with many shippers whose activities are confined to a particular branch of commerce, such as the canning of fish, vegetables, or fruit, or the manufacture of articles which are of a uniform size. Shipments from these firms are accepted on the basis of agreed estimated weights. If the car should be weighed en route and the charges raised because of an increase in the billed weight, such charges would be reduced to the basis of the agreed estimated weight.

²Conference Ruling 464.

The installation of a railroad track scale involves considerable expense and all stations are not equipped with this facility. Owing to this fact, cars not infrequently move from the point of origin to the point of destination without being weighed. To provide for this contingency, the classification committees have issued comparatively complete tables of estimated weights, indicating the weight per foot of various kinds of lumber, the weight per cord of fuel wood, the weight per cubic yard of clay and analogous articles, the weight per thousand of lath and shingles, and the weight per barrel or other standard package of such articles as are shipped in standard packages. The weight of the shipment is easily ascertained by applying these estimated weights to the amount in the shipment as shown in the shipper's invoice.

As evidence of the weight claimed, a scale certificate should support a claim for overcharge in weight if the contents of the car are weighed in wagon loads over wagon scales. In the event, however, that the contents of the car are not weighed but the weight as obtained by the carrier is evidently erroneous, the average weight of a given quantity of the material should be ascertained and a copy of the invoice indicating the amount of the commodity in the shipment submitted as evidence of the error in the carrier's weight.

(b) Loss and Damage Claims

The question of loss and damage claims has assumed such serious proportions that it has been the subject of an exhaustive study at the hands of the General Managers' Association. This association is composed of the higher executives of the carriers throughout the land. At a meeting held November 12, 1914, the following reso-

lution was adopted and transmitted to the American Railway Association:

Whereas, Freight loss and damage exceeds thirty million dollars per annum, and the American Railway Association has recently indicated that there will be a further increase for the current year; and

Whereas, The work already under way, and which is yet to be taken up by the American Railway Association Committee on Packing, Marking, and Handling of Freight, for the reduction and prevention of this freight loss and damage expense, is of such importance that it should be expedited as much as possible; therefore, be it

Resolved, It is the sense of this meeting that there should be assigned exclusively to the service of the committee one or more experts in the handling of freight; and be it further

Resolved, That the chairman be instructed to convey this expression to the American Railway Association, with the hope that the latter can see its way clear to supplement its organization by the appointment of one or more such experts to devote their entire time to a study of these matters, and the development of information on which the Committee on Packing, Marking and Handling of Freight may base prompt and effective action.

In accord with the foregoing, an educational campaign has been inaugurated by the carriers for the benefit of their employes and patrons of their respective lines. The roads, in many cases, have had their representatives visit factories and other industrial plants and confer with the manufacturers as to the methods employed by them in the packing of their freight.

With this end in view, Mr. A. C. Kenly, Superintendent of Freight of the Atlantic Coast Line Railroad, photographed packages reaching their destinations in bad condition and sent the photographs to the shippers with a pleasant letter. In every case he received a courteous reply. Finding that such work would occupy all of his own time as well as that of many assistants, he selected photographs, which, with a highly readable text, were furnished in pamphlet form by the General Managers'

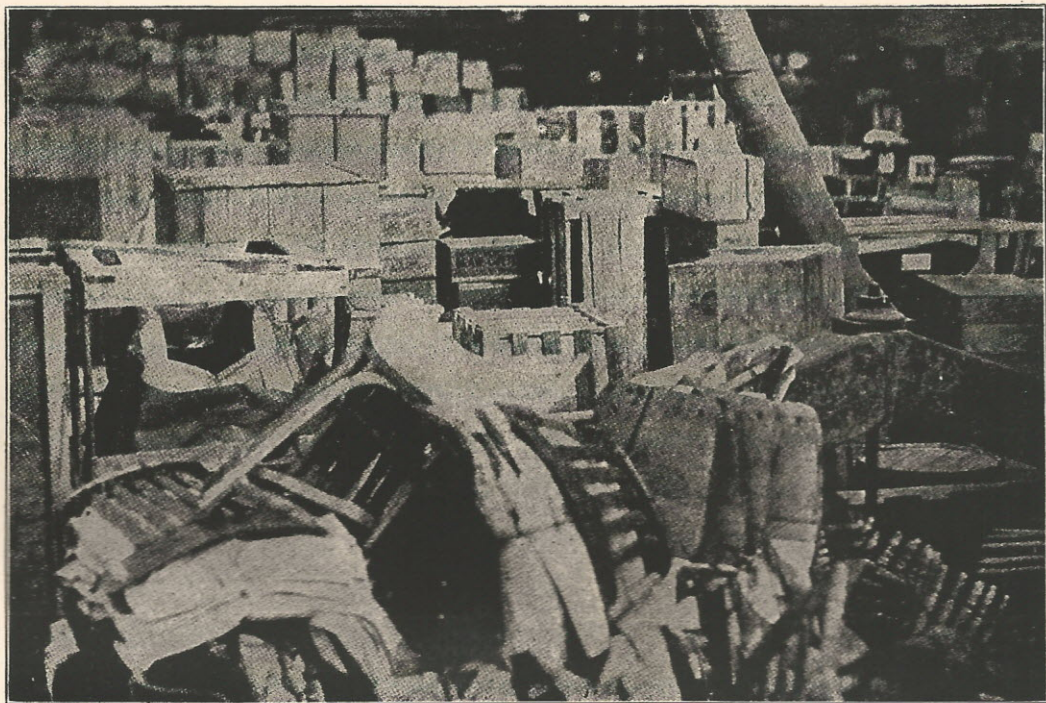


EXHIBIT 1

Furniture, hardware, woodenware, matting, etc. Note dangers to insecure packages in this pile.

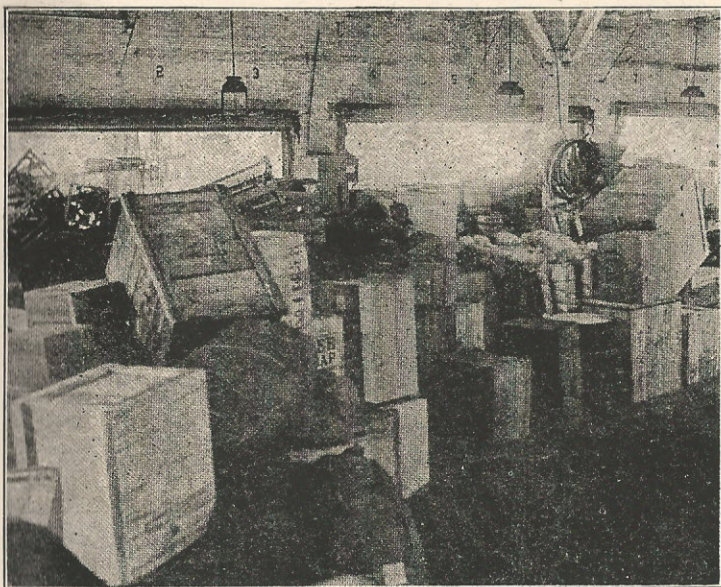


EXHIBIT 2

Furniture, soap, burlap, sewing machines, tea, dress figures, grapes, oil, boxes, crates, butter, glass, and fish. Note food-stuffs in proximity to oil. The oil may damage the tea or butter either by spilling or by imparting its odor.

Association of the Southeast. Many complimentary letters were received, particularly from shippers, and 50,000 copies were sold to carriers and others. An order came for 200 copies from the Capetown Government Railways, Capetown, South Africa. A number of chambers of commerce throughout the United States bought copies for distribution among their own members and large retail houses, for distribution in their shipping departments. This clearly indicates the interest that is exhibited by the shipping public in this phase of transportation.

In discussing loss and damage claims, it will assist many of our readers to make a study of the handling of L. C. L. freight as given on page 23.

In order that the reader may appreciate the necessity of the proper packing of shipments, two illustrations of freight piled in a freight house are shown herewith. Note particularly (1) that very heavy articles are piled upon very insecure packages and (2) that such articles as hides, which often have an objectionable odor, are piled near to such articles as coffee, which are subject to injury by such odors. Shippers should study these pictures carefully in order that they may avoid the many opportunities for damage which arise from conditions similar to those shown in the pictures. The carriers have to handle a great variety of commodities and cannot be expected to see that every kind of an article is loaded or stored in an ideal place.

The Freight Claim Association rules provide that the carriers shall take record of all seals placed on cars and all seals removed from cars. If seals are removed by other parties than the carriers, the carriers must secure the seal record as near as possible to the time of placing or removing. Seal records must be taken on all cars received and delivered at junction points or points of interchange with connecting lines.

An imperfect seal record may be defined as the absence of any seal or the absence of any mark on the seal. The carrier having an imperfect seal record is usually liable for loss or shortage. Imperfect sealing embraces the absence of a seal, a seal improperly applied, a broken seal, an indistinct impression, a blank seal, one on an insecure door fastening, insecure fastening on the inside of end doors, seals applied by shippers, custom or state authorities, or regular grain inspectors, or seals applied on freight under the protection of locks.

In the investigation of a claim for loss or damage, the investigator obtains a complete record of the handling of the property at the shipping point, the transfer point, and the point of destination, securing the car numbers in which the shipment was handled and the seals applied at the shipping point and in transit.

The essential evidence of the carrier's liability is the report of the destination agent, which is called an "O. S. & D. report," the letters signifying "Over, Short & Damaged." In all cases of shortage or visible damage, the receiving agent is required to issue one of these reports, one copy of which is sent to the agent at the point where the car was loaded and another copy to the freight claim agent of the road. The loading agent, upon the receipt of the report, investigates the case and endeavors to furnish billing to cover the shipment or, in the case of damage, to fix the responsibility and make his report to the freight claim agent, who requires the information in adjusting the claim, if one be presented.

Not infrequently, property suffers damage by reason of the fact that unclean cars are used for the loading of merchandise freight, although the carriers, through the various general superintendents, have strictly prohibited this practice. In claims arising from this cause, the ex-

pense is chargeable to the carrier at fault and is not participated in by other carriers involved in the movement.

ADJUSTMENT OF CLAIMS BETWEEN CARRIERS

Some of the provisions of the carriers for adjusting claims among themselves are as follows:

Claims for loss located by imperfect sealing or seal records are charged to the carriers having such imperfect seal or records.

Claims for loss or damage due to error or negligence on the part of the employes of a carrier are charged to the carrier at fault unless contributory negligence is shown, in which case the loss is equally divided between the carriers at fault.

Claims for loss which have been developed to a junction point by check of the receiving carrier are divided as follows: 60 per cent to the delivering carrier and 40 per cent to the receiving carrier.

Claims for loss through leakage of grain or grain products or through damage due to a defect of the car which existed at the time of loading or developed during the movement of the shipment, and which was not detected in an inspection at the loading or junction point, are prorated on revenue by all carriers participating in the haul.

Loss from open cars or damage to property transported in open cars is prorated on revenue from the initial point of shipment to the final destination.

The loss of an entire package from a car under the seals of the station where the property was last checked in full is prorated as follows: 30 per cent to the loading carrier and 20 per cent to the unloading carrier; the remaining 50 per cent is prorated on revenue from the initial point of shipment to the final destination.

Claims for concealed damage are prorated on mileage from the point of shipment to the point of destination.

All claims for damage which are not concealed and which do not exceed \$20 are prorated on the basis of mileage from the point of shipment to the final destination unless the junction "break bulk" point or destination records show the damage, in which case the claim is prorated from the last point checked in good order to the point at which the loss is discovered.

Claims involving damage to perishable freight are distributed as follows: Damage, except freezing, when all roads have perfect records, is prorated on mileage from the point of shipment to the final destination; damage due to improper refrigeration or ventilation is divided equally among the carriers at fault.

Damage or pilferage developed by check of the receiving carrier at the junction point is divided equally between the receiving and delivering carriers.

Claims for concealed loss, that is, where the record of handling is apparently clear, if delivered in good order and no indications of robbery exist, must be supported with an affidavit of the shipper and the consignee. Such claims not exceeding \$50 are prorated with the interested carriers on the basis of revenue from the initial point of shipment to the final destination, seal records and record of handling at intermediate points being also taken into consideration.

Claims for concealed loss in excess of \$50 developing under the loading scale or continuous seals are prorated on revenue from the initial point of shipment to the final destination.

Claims for loss of an entire package or for loss of part of the contents of a package must be supported with the paid freight bill, carrying a notation of the shortage, and the original bill of lading or shipping receipt. Such

claims when not exceeding \$20 are prorated among the carriers on mileage from the point where the shipment last checked in good order to the point where the loss is discovered. Damage on account of avoidable delay is charged to the carrier at fault. When the delay is with two or more carriers, each carrier is charged with such portion as the delay located with it bears to the entire delay.

If the claim is based on a decline in the market, it is apportioned to the carriers according to the relation that the delay with each carrier bears to the missing market. The time consumed in excess of the scheduled service is considered as delay.

It should be understood that the ascertaining of responsibility for claims is not always an easy matter, as records are often incomplete, seal records missing, etc.

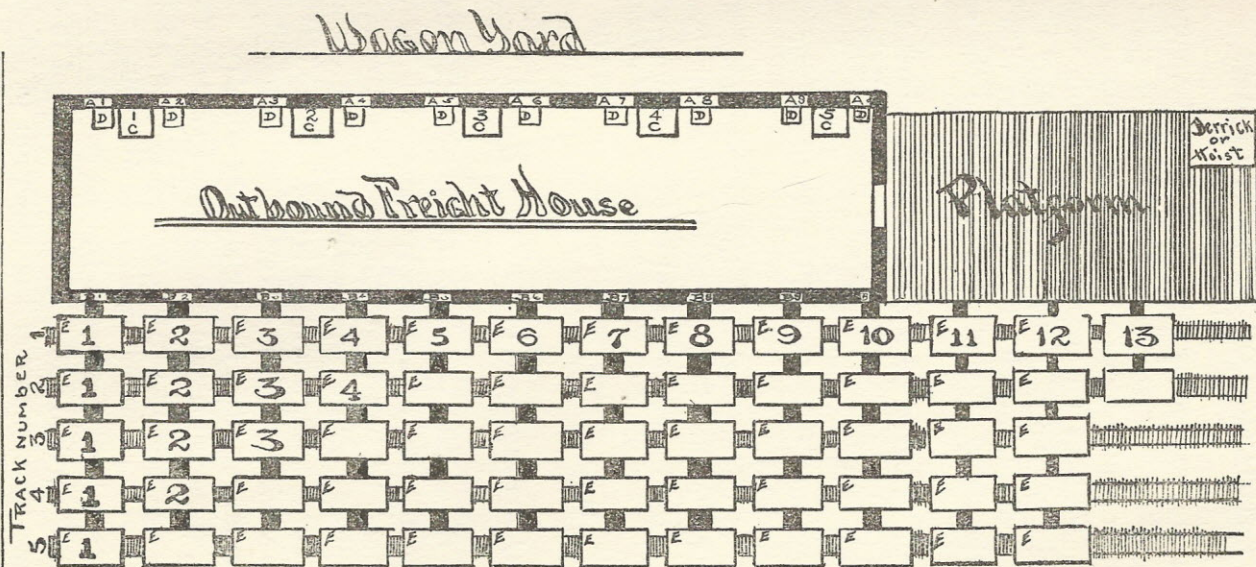
HANDLING L. C. L. FREIGHT

(a) Arrangement of a Freight House

To enable the reader to follow intelligently the discussion relative to loss and damage claims, the diagram shown on page 24 has been prepared, illustrating the terminal facilities of a carrier with respect to outbound merchandise or less-than-carload traffic. While this plan is subject to variations, it is nevertheless commonly employed at the larger cities throughout the country.

As a rule, these terminals are situated as near to the heart of the mercantile district of the city as possible. It is very hard for competing lines to overcome an advantage of this kind possessed by one of the lines, as the question of cartage and transfer from depot to store has for some time occupied the attention of efficiency experts.

Street



A. Receiving Doorways

B. Doorways to Cars

C. Receiving Clerk's Office

D. Scales

E. Cars

■ Runways

The diagram shows the arrangement of the freight house with respect to the receipt of freight from wagons or trucks, which make their delivery from the tail gates of the wagons to the various doorways of the freight house which face the wagon yard. After the shipment has been weighed and the teamster or truck man has been given a receipt for the property, the consignment is trucked into the particular car which is scheduled to go to the desired destination.

To the beginner, the arrangement of the car-loading yard in the diagram shown on page 24 might convey nothing. However, each of the cars shown thereon, according to its location, indicates that it is for the accommodation of freight to specified destinations. Thus, for example, Car 1 on Track 1 may be for freight to New Orleans, Louisiana, while Car 1 on Track 2 may be for freight to San Francisco, California, via Omaha in connection with the Union Pacific Railway. Car 1 on Track 3 may be for freight for local delivery in St. Louis, Missouri. Car 1 on Track 4 may be for local delivery at Cairo, Illinois, and Car 1 on Track 5 for freight to Kankakee, Illinois, and way points. Cars such as the one for Kankakee are known as peddler cars, owing to the fact that they are loaded with merchandise destined to the smaller stations between certain points.

From the specimen loading sheet indicated in the diagram, it will be observed that usually the cars on the same track are arranged to accommodate freight to destinations in the same territory; hence, in the evening, after the close of the day's business, all that remains to be done is to attach the engine, couple the cars, and despatch the train. The cars destined to the farthest points are given preference over the cars containing local or way-freight, inasmuch as this business is highly com-

HOUSE LOADING SHEET

Date _____

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Car	Track 1	Car	Track 2	Car	Track 3	Car	Track 4	Car	Track 5
1	New Orleans	1	San Francisco (U.P.)	1	St. Louis	1	Cairo, Ill.	1	Kankakee
2	New Orleans	2	Salt Lake City (U.P.)	2	St. Louis	2	Cairo Transfr.	2	Bloomington
3	San Francisco	3	Denver, Colo. (U.P.)	3	St. Louis	3	Paducah	3	Clinton
4	Southern Pacific	4	Omaha	4	St. L. - Frisco	4	Jackson, Tenn.	4	Champaign
5	Jackson, Miss.	5	Kansas City	5	St. L. - Mo. Pac.	5	Corinth	5	Decatur
6	Jackson (G.U.S.I.)	6	Sioux Falls	6	St. L. - Cotton Belt	6	Nashville	6	Mattoon
7	Baton Rouge	7	Fort Dodge	7	El Paso	7	Atlanta	7	Indianapolis
8	Vicksburg	8	St. Paul	8	Pinckneyville	8	Birmingham	8	Centralia
9	Natchez	9	Cedar Falls	9	Springfield	9	Macon	9	Evansville
10	Memphis	10	Manchester	10	Springfield Transfr.	10	Savannah	10	Havana, Ill.
11	Memphis Transfr.	11	Dubuque	11	St. Louis Spl.	11	Jacksonville	11	Peoria
12	New Orleans Spl.	12	Los Angeles Spl. (U.P.)	12	Kansas City Spl.	12	Key West	12	Peoria Spl.
13	Cairo, Ill., Spl.	13	Minneapolis	13		13	Mobile, Ala. (M.O.)	13	
14		14		14		14		14	
15		15		15		15		15	

INVESTIGATION OF FREIGHT CLAIMS

petitive and the retention of it hinges in a great degree on the nature of the service afforded.

In addition to the information shown on a specimen loading sheet, there is a space provided opposite each number shown thereon for the insertion of the number of the car assigned to that particular track and location. This loading sheet is compiled during the night and is distributed to the various receiving clerks in the morning when they report for duty in order to enable them to indicate on the carrier's copy of the bill of lading or shipping ticket the car into which the shipment has been loaded.

(b) Loading Cars

In order to fix the responsibility for the receipt of goods, the carriers have adopted the system of numbering the various doorways in their freight houses in consecutive order and the receiving clerk delegated to receive freight at that doorway is given a stamp having a corresponding number. Thus, if any question arises relative to a particular shipment, the clerk who handled the shipment can be ascertained without difficulty. Each receiving office has its crew or gang, consisting of the receiving clerk, his assistant, a scale man, and one or more truck men.

To follow out more thoroughly the handling of a shipment, it might be appropriate to take an imaginary shipment and follow it through until placed in the car and ready for despatch.

Assume, therefore, that a truck or dray backs up to Door 1 and delivers three shipments, consisting of 5 crated refrigerators destined to New Orleans, Louisiana, 3 crated refrigerators destined to St. Louis, Missouri, and 1 refrigerator destined to Atlanta, Georgia. The

teamster first gives his shipping directions or bill of lading to the receiving clerk. As the refrigerators are removed from the dray, the scale man calls off the number of each package, its description, how packed, the name of the consignee, the destination, and other special marks. The receiving clerk checks off the items as they are given. If the shipment tallies or checks with the shipping directions or bill of lading and no exceptions are noted, the receiving clerk stamps the original receipt with the stamp assigned for his office's use. Such a receipt is known as a "clear receipt."

If any exceptions are noted in connection with the consignment, such as evidence of chaffing, scratching, damage by moisture, or breakage of any sort, a notation to that effect would be placed upon the receipt given the consignor before the receiving clerk would affix his stamp and validate the receipt.

So far as the shipper and his agent (the teamster) are concerned, this concludes the performance of their duties, but for the carrier they have just begun. At each receiving office there is a large scale and the first step is to ascertain the weight of the several consignments. The weight having been ascertained, it is noted upon the shipping receipt and the receiving clerk then indicates the location of the car into which the property must be loaded. For example, the New Orleans consignment is to be loaded in Car 1 on Track 1, the St. Louis consignment in Car 1 on Track 3, and the Atlanta shipment in Car 1 on Track 4. In the event that no truck man is at hand, it is a common practice to mark with chalk on the package the car into which the consignment is to be trucked; so when the truck man returns he can take up the next consignment and truck it to the proper car.

With each run of cars, that is, cars placed alongside of each other, there is an employe designated as a stow man,

whose duties are, in part, to stow systematically the loadings of the various cars to the best advantage, having in mind the effective utilization of car space and the safety of the goods.

From the loading sheet indicated in the diagram on page 26, it will be observed that there are two cars for New Orleans, viz., Car 1 on Track 1 and Car 2 on Track 1, and that there are three cars for St. Louis, viz., Car 1 on Track 3, Car 2 on Track 3, and Car 3 on Track 3. The stow men of those particular runs would, in the case of the refrigerators, load them into the car best suited for their accommodation, indicating on the receipts any change which may be made in the car number.

With the proper loading of the shipment, the transaction is completed, in so far as the receiving house is concerned. The shipping receipt is then sent to the office in order that the shipment may be waybilled and the charges for its transportation computed. The waybill is a form that is generally employed to show the agent at the point of destination from what station the shipment was billed, the name of the shipper, the name of the consignee, the weight of the shipment, the rate per 100 pounds, the car number into which the shipment was loaded, the date of shipment, and the total amount of charges. From this the agent prepares an expense bill, a notice of which is sent to the consignee in order that he may arrange for payment and the claiming of the property.

(c) Errors in Loading

Suppose, for example, that the truck man, in trucking one of the St. Louis refrigerators, deposited it in Car 1 on Track 2 and that his error was not detected by the stow man. This car, as may be noted, is destined to San

Francisco, in connection with the Union Pacific Railway. The result of this error would be that the St. Louis car in which the shipment is supposedly loaded will check one refrigerator short, while the San Francisco car will check one refrigerator over. Both of these facts, however, are reported, as soon as known, to the freight claim department and, as before stated, shortages are often located as overages at other points. In many cases, however, owing to the fact that cars may be transferred en route several times, and owing to the absence of identifying marks on the package, overages cannot be applied to shortages. From time to time the carriers hold sales at which unclaimed and unidentified property is sold at auction.

The platform indicated in the diagram of the freight house shown on page 24 is usually employed in the handling of freight which is too large or which it is inconvenient to handle through the house, such as heavy machinery. For the accommodation of such traffic, a derrick or hoist is installed to facilitate the handling of goods of this character.

Upon the completion of the day's business, the car doors are closed and sealed with seals approved for use by the particular lines. As the seal has considerable importance attached to it in connection with the apportionment of damages among the several carriers, a brief statement as to its use, method of application, and identification is necessary. The most common form of car seal is a thin piece of tin about half an inch in width and 8 or 10 inches in length, having in one end a soft lead rivet which fits through a hole in the opposite end and which, when passed through the staples of the tin used to secure the hasp of the door to the door sill, is pressed flat by means of a steel press. This press imprints on the soft lead a number and this number identifies the station

at which the seal was applied and prevents the withdrawal of the tin unless the seal is broken and removed.

There are many other kinds of seals used, but they all serve the same purpose. The question might arise as to why the use of strong locks could not be employed. Considering the number of freight cars and the long journeys which are sometimes accomplished, the difficulty of having the keys for the locks on hand at the time they were wanted almost precludes the possibility of their employment, although goods shipped in bond are in cars which are locked with custom house locks. The keys for these locks are sent to the custom collector at the point to which the cars are consigned. While this means can be employed with a fair measure of success to a small branch of traffic such as this, it is doubtful whether the method could be extended without serious consequences.

When one stops to consider the fact that these freight houses are in some cases many thousands of feet in length and that thousands of shipments are handled each day in the larger receiving stations, it is not so remarkable that shipments go astray. On the other hand, it is more remarkable that there are not more astray shipments than there are.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers are not to be sent to the University.

1. What amount of loss and damage claims was paid in 1910?
2. Give seven reasons for the increase in loss and damage claims.
3. What is the object of the Freight Claim Association?
4. What is meant by direct investigation?
5. What is the work of the Bureau of Investigation?
6. Into what three classes are claims divided?
7. In what different ways may the correct weight of shipments be established?
8. What is meant by an imperfect seal record?
9. What is an "O. S. & D." report?
10. Show briefly various methods used for adjusting claims between carriers.
11. Show briefly how freight may be loaded into the wrong car.
12. Why is it not practical to use locks on freight cars?