

Navigating the Claims Process

“Claims” – a taboo word that no one ever wants to speak of or hear about when it comes to their freight. But sometimes, even the smoothest roads have a few bumps.

We'll walk you through the claims process, what claims entail, and how you can be prepared if something should ever happen to one of your shipments.

What is a freight claim?

A freight claim, also referred to as a cargo or shipping claim, is a legal demand by a shipper or consignee against a carrier in respect of damage to a shipment, or loss thereof. Typically, the claimant will seek financial compensation for the damages or loss.

What are the different types of freight claims?

There are four main types of claims:

1. **Damage:** As the most common type of claim, the freight damage must be visible upon delivery and then notated on the Proof of Delivery (POD), also known as the delivery receipt.
2. **Loss:** This type of claim is a worst-case scenario because it means your shipment was lost by the carrier. This occurs most commonly due to shipment paperwork being separated from its corresponding freight.
3. **Shortage:** A shortage occurs when only a portion of the freight that was picked up, gets delivered. The number of pieces delivered should be verified against the delivery receipt provided at the time of delivery.
4. **Concealed:** Concealed damage or shortage is not noticeable at the time of delivery. This type of claim can be tricky because it will need to be proved that the damage occurred while it was in the carrier's possession.

How long do you have to file a claim?

Although terms may vary, freight claims must typically be filed within 270 days (or 9 months) of the delivery date. This is true for the **first three types of freight claims** listed above (damage, loss, and shortage). BUT, that being said, it is always best to **verbally notify** the carrier as soon as possible so that the vendors can, in turn, be put on notice. As for concealed claims, those MUST be filed within 5 days of the delivery date.

Navigating the Claims Process

What should you do if your freight is delivered noticeably damaged?

Always, always, ALWAYS sign the Proof of Delivery (POD)—even if your shipment is damaged. The POD is essentially the delivery receipt for the goods being shipped, and to “sign for damage,” you are clearly notating on the POD that the freight was damaged when it was delivered. Also, mark EXACTLY what was damaged on the shipment, being as specific as you can. **If the damage is not noted on the POD, the carrier will most likely DENY your claim, so this step is VERY important.**

What are some tips for handling both visible and concealed damage?

- **Inspect your shipment – ALWAYS.** Does the box or pallet appear to be ripped, torn, crushed, or have water damage? Is the shrink wrap ripped or damaged? If everything looks intact, that’s wonderful news! Although, if you do spot any damage, you MUST make note of it on the Bill of Lading (BOL) and delivery receipt (POD).
- **Take photos of the damaged shipment.** Make sure you are specific and detailed in your descriptions of the found damage and/or loss.
- **Open the cargo while the driver is still at your facility.** We know this isn’t always possible, but by doing so, you can write down everything you find on the BOL and delivery receipt.
- **Contact your carrier immediately.** By doing this, you can report and discuss the found damages or loss and get the ball rolling with filing a claim.
- **Keep the packaging, materials, and damaged products.** The carrier may want to inspect these items once you file a claim, so make sure you store these in a safe location. The consignee will need to keep the damaged merchandise and containers/packaging until the claim has been resolved.
- **Pay your freight charges.** This may seem unfair, but by delaying the payment of your freight charges—even for a damaged shipment—it will ultimately delay the processing and ultimate resolution of your claim.

How do you file a claim?

1. Complete the carrier’s claim form. This is usually a summary of the shipment that is damaged (or lost) with explanations regarding the damages suffered, including the location and value of those damages.
2. Provide all requested documentation. This can include the Bill of Lading, signed POD, freight bill, and photographs of the damaged shipment.

Navigating the Claims Process

3. Provide a copy of the repair estimate or bill, if the item is able to be repaired. If the item is salvageable, you may be asked to provide the salvage/scrap value.
4. Submit the claim per the carrier's instructions to the carrier's claim department.

How long does it take to get a resolution on a claim?

A freight claim, also referred to as a cargo or shipping claim, is a legal demand by a shipper or consignee against a carrier in respect of damage to a shipment, or loss thereof. Typically, the claimant will seek financial compensation for the damages or loss.

What are some reasons a claim may be denied?

There are a few issues that could arise and cause your claim to be denied. Here are some of the most common reasons:

- **There's an issue or discrepancy with your documentation.** You may be missing a vital piece of paperwork (like the invoice) or the paperwork contains an error. Luckily, in this scenario, you can re-open the claim by submitting the correct paperwork.
- **You didn't list a piece count.** This one applies to loss claims. If you ship something and it is delivered missing a piece, but you only listed the number of pallets, you could be out of luck. Without documentation listing the number of pieces missing versus the number existing in the first place, proving a loss becomes near impossible.
- **Your shipment was not packaged properly.** This may be the most common defense raised by carriers. If the shipper simply did not properly package or prepare the cargo for shipping, it may fall back and point to "shipper negligence."
- **Your Proof of Delivery (POD) didn't notate any loss or damage.** This is why it is incredibly important to inspect your freight upon delivery and list any damage you see on the delivery receipt. For concealed damage, make sure you check the inside contents as soon as possible to notate any concealed damage.

We know that claims can be a frustrating, and often lengthy, process. The ICAT Logistics Claims Team will work through this with you to reach the best possible solution. Throughout the process, if you have questions or need additional assistance, you can reach out to the Experience Team at experience@icatlogistics.com and we will be happy to help!