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Horizon Logistics, LLC

Michael J. Curry, CTB



[LTL MODULE 1]

A Whitepaper on the ins and outs of shipping LTL

LTL Module 1

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OVERVIEW

The purpose of this tutorial is to give those with little or no experience in LTL transportation the basic information needed to do their jobs. It provides an overview of the mechanics of the business and then goes into detail on specific areas that cause troubles for both new and experienced shippers. If there are still questions after reading the document, please feel free to call me at 972.813.5370.

LTL carriers are generally defined by how much of the country they serve (territory) such as nationwide, super-regional, regional, intrastate and niche.

- Nationwide carriers service most points from coast-to-coast and border to border. Examples include YRC, ABF Freight, UPS Freight and Old Dominion.
- Super-Regional carriers service large areas made up of two or more regions. Examples include AAA Cooper, Southeastern Freight Lines, R&L Transfer and Vitran.
- Regional carriers service an area made up a group of states that are within a defined area or contiguous to each other. Examples include Dayton Freight, Wilson Trucking and New England Motor Freight.
- Intrastate carriers only service points within a single state. Examples include Cal State Xpress, CalTop Logistics, SMT Transportation.
- Niche carriers service lanes such as from coast-to-coast (California direct to the Carolinas for instance).

LTL carriers make their money by loading several shipments on the same trailer. A typical shipment can be handled (loaded and unloaded) several times:

- The local (city) driver will pick up and return to the terminal with the shipment
- It is unloaded at the terminal and reloaded on a line haul trailer to its next destination. Note: The shipment may go through several terminals before reaching its destination.
- The line haul or over-the-road (OTR) driver will deliver the trailer to its next destination and so on until it reaches the final destination.
- Once at the final destination, the shipment will be unloaded from the line haul trailer and reloaded on a local trailer (sometimes called a city unit) and taken out for delivery.

Most LTL carriers run on a schedule. Just like a bus or plane schedule, the loads are moved in certain lanes at the same time each day. Moving on a schedule means that a trailer must complete loading by a specific time (known as cutoff time) so it can depart “on schedule” and arrive at the destination terminal in time to unload or transfer the freight to another trailer for delivery according to the carriers “standard transit times”.

“Standard transit time” is carrier’s advertised “**estimate**” for travel days to destination including the day of scheduled delivery. The day of pick up is considered “day 0”. The day following the pickup is “day 1”. As an example, a shipment pickup on up Monday (day 0) with a three day transit time should deliver on Thursday (day 3).

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There are different types of service available from most carriers.

- **Standard service** is the advertised transit time. It is an “**estimate**” but not guaranteed.
- **Guaranteed service** typically means the shipment will be tendered for delivery by 5pm on the standard delivery day. The charge for this service is usually 20 to 25% of the line haul charge added as an extra or accessorial charge. Since most carriers advertise 90% or better on-time service, you shouldn't use this service unless the carrier has a history of missed deliveries or a late shipment would cause a plant shutdown or something equally as painful for the customer and you.
- **Time definite delivery** can have several different components and vary by carrier. Needless to say, the earlier the delivery, the higher the accessorial charge for the service. Appointment deliveries or shipments going to convention centers are often denied these service levels.
 - Deliver by 3pm on the scheduled transit time
 - Deliver by noon on the scheduled transit time
 - Delivery by 10am on the scheduled transit time
 - Delivery by 8am on the scheduled transit time

The normal charges paid for a shipment cover the pickup, line haul transportation and delivery only. The carrier expects the shipper to have a dock to back their trailer in for loading, the freight to be staged and ready for loading upon arrival, assistance in loading of large items, pallet jack for loading pallets and the same conditions at the time of delivery. Anything over and above these conditions is subject to extra or “Accessorial Charges”. Accessorial charges are found in the carrier's rules tariff. Most can be downloaded from the carrier's website. There are literally hundreds of accessories and rules mostly designed to obtain fees for any extra services performed by the carrier.

Charges are due and payable in 15 days unless you have negotiated longer terms with carrier. When the 15 days starts varies by carrier but typically it is from the date of the invoice. Some are from the date of pickup and others are from the date of delivery. Failure to pay within terms can result in the loss of discount and other fees for collection.

The most common areas that create problems for shippers and result in higher charges are:

- Freight that is not properly classified and packaged (See Chapter 5)
- Freight that has the wrong weight (yes, you must include the pallet weight)
- Accessorial charges not identified or added to the bill (Chapter 7)
- Using too much of a trailer for one shipment (See Chapters 2 and 3)

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CHAPTER 1

What is LTL (less-than-truckload) and how is it different from TL (truckload)?

LTL carriers will define LTL in their rules tariffs differently. Below are two tariff examples:

UPS Freight:

DEFINITION OF LESS THAN TRUCKLOAD (LTL) AND TRUCKLOAD (See Notes 1 & 2)

1. Less than truckload (LTL) shipments are those shipments which have an actual or billed weight of less than 20,000 lbs. and do not exceed 28 linear feet of a trailer.
2. Truckload shipments are those shipments which have actual or billed weights of 20,000 lbs. or more and/or exceed 28 linear feet of a trailer.

Note 1: When two or more shipments are tendered to Carrier from the same place during one calendar day for delivery to one place and the aggregate is equal to or exceeds 20,000 lbs. or 28 linear feet of a vehicle, they will be consolidated and considered as one shipment.

Note 2: LTL shipments are subject to weight groups L5C through M10M. Truckload shipments are subject to weight groups of M20M or greater.

Con-Way Freight:

In the application of this tariff, the terms LTL, AQ, and TL shall be defined as follows:

- (a) **LTL** — ‘Less than Truckload’ shall mean all shipments subject to LTL class in the NMFC, weighing or rated as 19,999 pounds or less.
- (b) **AQ** — ‘Any Quantity’ shall mean all shipments subject to AQ class in the NMFC, weighing or rated as 19,999 pounds or less.
- (c) **TL** — ‘Truckload’ shall mean all shipments subject to LTL class in the NMFC, weighing or rated as 20,000 pounds or more.

Note that there are two conditions that must be met to qualify as LTL. First is the weight and the second is the floor room taken up by a shipment. Using UPS Freight as an example, a shipment of Ping Pong balls might weigh 5,000 lbs but take up 30 feet of floor room when loaded. Even though the shipment meets the first criteria (less than 20,000 lbs), it fails the second (exceeds 28 feet of a trailer) and would be classified by UPS Freight as a truckload.

Notice that one carrier says “less than 20,000 lbs.” and the other says “19,999 or less.” They mean the same thing. ***If a shipment weighs 20,000 lbs or more, the LTL carriers consider it a truckload or Capacity Load. LTL pricing will not apply!*** For a truckload carrier this is called a partial (depending on how much floor room the shipment actually takes up when loaded) and can be combined with one or more shipments to make a full truckload.

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CHAPTER 2

What is a Capacity Load?

A Capacity Load, sometimes called Full Visible Capacity, typically means that a single shipment has utilized a large portion or all of the available floor space on a trailer (usually a 28 foot trailer known as a pup). In order to be profitable, LTL carriers must maximize every cubic foot of space possible when loading a trailer. Space on a trailer is a perishable commodity so once the trailer departs the carrier cannot go back and retrieve the unused space. Just like empty seats on an airplane, the revenue is gone forever. When a shipment takes up a large part of a trailer, a carrier may be forced to leave a shipment(s) behind because the trailer fills before all shipments are loaded. For that reason, the carriers have special rules designed to adjust the cost to the customer to recover the lost room for other shipments. Each carrier's definition of Capacity is a little different but the one below covers most cases.

UPS Freight:

ITEM 390-A

CAPACITY LOAD – MINIMUM CHARGE

Any shipment tendered to Carrier that occupies the full visible capacity (*fills the trailer*) of a vehicle or doubles trailer (See Note A) shall be subject to the minimum charge as provided below.

1. The provisions of this item shall have no application in any case where the otherwise applicable charge is greater than the minimum charge provided herein.
2. The term "occupies the full visible capacity", "loaded to capacity", or "capacity load" refers to the extent each vehicle or doubles trailer is loaded and shall mean:
 - a. That quantity of freight which because of unusual shape or dimensions or because of necessity for segregation from other freight requires the entire capacity of a vehicle or doubles trailer; or
 - b. That quantity of freight which exceeds 25 linear feet of vehicle or doubles trailer or 19,999 lbs.
3. Each vehicle or doubles trailer loaded to capacity will be rated as a separate shipment and will be subject to the minimum charge provided below. When the charge is applicable to any vehicle or doubles trailer in the tender, the charge for that portion of the shipment loaded into the last vehicle or doubles trailer (not loaded to capacity) will be rated as a separate shipment.
4. Carrier shall notate on the bill of lading, freight bill or inspection report the size of the shipment or the number of vehicles or doubles trailers loaded to capacity and if any additional vehicles or doubles trailers carrying less than capacity were furnished. Carrier will indicate the weight of that portion of the shipment on the vehicle or doubles trailer carrying less than a capacity load.
5. On request of the consignor, Carrier will attempt to furnish the largest vehicle or doubles trailer available. The consignor will have the right to refuse the vehicle or doubles trailer offered, but once loading has begun, the provisions of this item shall apply.
6. Should Carrier receive two or more shipments from one consignor, at one origin address, destined to one or more consignees at the same delivery address, during one calendar day, that if combined would cause the "full capacity" of a vehicle or doubles trailer, then the aggregate shipments will be combined and considered as one shipment and will be subject to the provisions of this item.

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Notice that with this particular carrier, the shipment does not have to fill the pup but only take up 25 feet. Some carriers are less.

Pay particular attention to paragraph 6. Some shippers will try to avoid the Capacity Load minimum charge by splitting the shipment. **This will only work if the split shipments go out on different days.** If they are shipped on the same day, they will be considered one shipment.

CHAPTER 3

What are Cubic Capacity Rules?

As mentioned earlier, carriers make their money by utilizing as much of a trailer as they can. Light density freight takes up more room than high density freight. To balance out the trade off, the carriers have what is known as “Cubic Capacity Minimum Charge” or “Density Minimum Charge”. If a shipment takes up a predetermined amount of space, usually 750 cubic feet (varies by carrier) and weighs less than 6 pounds (varies by carrier) per cubic foot, then the Cubic Capacity Rule kicks in and the weight of the shipment is recalculated and a new charge is generated.

As an example, a 48x48x96 inch pallet = 128 cubic feet ((48x48x84 = 220,184 cubic inches/1728 (number of cubic inches in 1 cubic foot)). The pallet weighs 640 lbs including the pallet weight. This works out to 5 lbs per cubic foot (640lbs/128cubic feet). The first condition is met because it is less than 6 lbs per cubic foot. However, it doesn't meet the second condition because the shipment takes up less than 750 cubic feet. How many pallets for one shipment like this one can be loaded before the cubic capacity rule would come into play? Five, the sixth pallet would exceed the second requirement of 750 cubic feet and cause the implementation of the rule.

Below are two examples of the Cubic Capacity Rule:

Estes Freight Lines:

ITEM 615 MINIMUM CHARGE – CUBIC CAPACITY AND DENSITY APPLICATION

1. Any shipment which as tendered exceeds **250 cubic feet** of carrier's vehicle will be subject to a Minimum Charge based on **4 pounds per cubic foot**, at the customer's applicable Class 125 rate, subject to a minimum discount of 50%. Where a customer presently has a discount, either greater or lower than 50%, such present discount will apply, (See EXAMPLE) if the customer's applicable tariff does not include a Class 125 rate, the Minimum Charge for shipments subject to this item will be 211% of the applicable base rate.

CONDITIONS AND DEFINITIONS

1. The cubic capacity of the shipment shall be determined by totaling the cubic feet of all articles, pieces and packaged units in the shipment, in accordance with NMFC Item 110, Section 8(a) and (b). If the Bill of Lading or packaging provided instructions that in any way prohibits the utilization of the trailer space between the trailer ceiling and the top of the articles, the height of the article or articles will be considered as 84 inches.

2. The provisions of this item are not applicable in connection with shipments subject to VOL or TL rates or charges or minimum charges per vehicle used.

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EXAMPLE: A shipment occupying 300 cubic feet and moving between points subject to Rate Basis number 500, would be subject to a minimum charge, as follows: (NOTE)

300 cubic feet at 4 pounds per cubic feet..... 1,200 pounds
Class 125 rate for Rate Basis Number..... \$ 67.71 per 100 pounds
1,200 pounds multiplied by \$67.71 cwt.....\$812.52
\$812.52 discounted by 55% produces a minimum charge of.....\$365.63

NOTE – The figures used in this example are merely for the purpose of providing an example and may, or may not, reflect the charges for any particular shipment.

SMTL

ITEM 611-1

DENSITY MINIMUM CHARGE (NOTE)

SUBJECT TO THE CONDITIONS LISTED - Any shipment which occupies 750 cubic feet or more cubic capacity, and has an average density of less than 4 pounds per cubic foot, will be subject to a minimum charge as follows. A calculated weight shall be determined by multiplying the cubic capacity of the shipment by 6 pounds for each cubic foot or portion thereof. Multiply the calculated weight by the class 100 rate from the current SMT 500 base class rate. Apply the customer published discount.

CONDITIONS:

1. When this item has application, the freight bill will indicate both the actual weight and the calculated weight upon which the minimum charge will be assessed.
2. Shipments subject to the provisions of this item will be subject to any otherwise applicable discounts.
3. The minimum charge applicable via this rule will not be greater than the TL or capacity load charge (See Item 390) per vehicle used.
4. The cubic capacity of the shipment will be determined by totaling the cubic feet of each packaged unit in the shipment, in accordance with NMF 100 Series, Item 110, Section 8(a) and (b), except a vertical dimension of eight(8) feet shall be used to determine the cube of the individual shipping unit(s) when top loading of like cargo is precluded because of:
 - A) the nature of the article;
 - B) packaging or lack of packaging used;
 - C) palletization in “pyramided,” “rounded off,” or “topped off” fashion, and/or
 - D) Specific instructions by the shipper in the form of a Bill of Lading notation.

For the purpose of applying this item, if more than one shipment is tendered by one shipper at one time of pickup, destined to the same consignee at one address, all shipments will be considered as one shipment for the application of cube or density requirements.

5. The density of each packaged unit will be determined in accordance with NMFC 100 Series, Item 110, Sections 8 (a) and (b).

Note that in the first example, the cubic capacity rule goes into effect at 250 cubic feet, not 750. In the second example the density has to be less than 4 pounds per cubic foot. In both cases, the vertical measurements will be 8 feet if additional freight cannot be loaded on top of the skid. This means that if your pallet is only 4 feet tall but no other freight can be loaded on top due because it would damage

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your freight, then the carrier will calculate the cube using 8 feet of height (capturing the cube they cannot utilize in the calculation). This will reduce your pounds per cubic feet calculation.

The takeaway here is that the shipments that are subject to this rule are going to be recalculated at a much higher charge. Know how the rules vary by carrier that you are using and make sure you know when this rule will apply to your shipments.

Note: This is one occasion where splitting a shipment to avoid this rule will pay off. Be sure and verify with your customer that this is okay with them and make sure the split shipments do not go out the same day.

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CHAPTER 4

How are freight charges calculated?

To obtain a rate from a carrier, you need a minimum of 4 items, and preferably 5:

1. Origin Zip
2. Destination Zip
3. Weight of the shipment
4. Class of the freight (See Chapter 5)
5. Any extra services that may be required (see Chapter 6?)

In most cases carriers prefer to use their own rate base (aka rate tables). These rates are created using zip code O/D (origin/destination) pairs (lanes), classes and rate breaks or groupings. See table below for an example of a lane:

Rates/Alternation - 20527E

Origin Zip: 64154 MO
Destination Zip: 75052 TX

View?
 Rates Alternation

Discounts?
 Yes No

Minimum Charges
MC 102.41

Class	L5C	M5C	M1M	M2M	M5M	M10M	M20M	M30M	M40M
500	516.65	458.96	413.00	346.29	261.96	218.01	117.25	78.63	62.14
400	410.02	364.24	327.77	274.82	207.90	173.02	93.05	62.40	49.31
300	311.64	276.84	249.12	208.88	158.01	131.50	70.72	47.43	37.48
250	254.20	225.82	203.21	170.38	128.89	107.27	57.69	38.69	30.57
200	206.66	183.59	165.20	138.52	104.78	87.20	46.90	31.45	24.85
175	182.02	161.70	145.51	122.00	92.29	76.81	41.31	27.70	21.89
150	155.82	138.42	124.56	104.44	79.01	65.75	35.36	23.71	18.74
125	130.36	115.80	104.21	87.37	66.10	55.01	29.58	19.84	15.68
110	115.61	102.70	92.42	77.49	58.62	48.78	26.24	17.59	13.90
100	104.98	93.26	83.92	70.36	53.65	44.64	24.01	16.10	12.72
92	96.74	85.94	77.33	64.84	49.47	41.17	22.14	14.85	11.73
85	89.40	79.42	71.47	59.92	45.33	37.73	20.29	13.61	10.75
77	82.40	73.20	65.87	55.23	41.78	34.77	18.70	12.54	9.91
70	75.31	66.90	60.21	50.48	38.19	31.78	17.09	11.46	9.06
65	69.88	62.07	55.86	46.84	35.43	29.48	15.86	10.63	8.40
60	65.18	57.90	52.10	43.69	33.05	27.50	14.79	9.92	7.84
55	60.48	53.73	48.35	40.54	30.67	25.52	13.73	9.20	7.27
50	58.26	51.75	46.57	39.05	29.54	24.58	13.22	8.87	7.01

Print OK

The Origin and Destination Zip pairs (lane) are in the top left hand corner.

The Classes run down the left side starting at 500.

The Weight Break Category Labels run across the top of the table starting with L5C.

The rates shown in the columns are the charges per each 100 lbs (cwt-hundredweight) in the shipment.

Note that as the weight breaks increase, the rate per cwt decreases.

Note that as the class increases, the rate per cwt increases.

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The weight breaks are defined as:

- L5C Less than 500 lbs (applies from 1 through 499 lbs)
- M5C Minimum of 500 lbs (applies from 500 to 999 lbs)
- M1M Minimum of 1,000 lbs (applies from 1,000 to 1,999)
- M2M Minimum of 2,000 lbs (applies from 2,000 to 4,999)
- M5M Minimum of 5,000 lbs (applies from 5,000 to 9,999)
- M10M Minimum of 10,000 lbs (applies from 10,000 to 19,999)
- M20M Minimum of 20,000 lbs (applies from 20,000 to 29,999)
- M30M Minimum of 30,000 lbs (applies from 30,000 to 39,999)
- M40M Minimum of 40,000 lbs (applies to 40,000 and above)

Note1: The last three weight breaks are rarely used in the LTL industry. Most carriers define LTL as being less than 20,000 lbs.

Note2: There is a provision in the rate base known as the alternation clause. The alternation clause provides that a carrier must charge a customer the lowest possible rate. At certain weight breaks it becomes less expensive to go to the next higher weight group to get a lower charge. Below are the points where the rate would “jump” to the next highest weight break for this particular zip combination. For the L5C weight group, shipments weighing 445 lbs would be less expensive rated at the M5C group (500 lbs).

Class	L5C	M5C	M1M	M2M	M5M	M10M	M20M	M30M
500	445	900	1677	3783	8323	10757	20119	31612
400	445	900	1677	3783	8323	10756	20119	31609
300	445	900	1677	3783	8323	10756	20121	31609
250	445	900	1677	3783	8323	10757	20120	31606
200	445	900	1677	3783	8323	10757	20118	31606
175	445	900	1677	3783	8323	10757	20117	31611
150	445	900	1677	3783	8322	10756	20116	31616
125	445	900	1677	3783	8323	10755	20122	31613
110	445	900	1677	3783	8322	10759	20111	31609
100	445	900	1677	3813	8321	10758	20117	31603
92	445	900	1677	3815	8323	10756	20122	31596
85	445	900	1677	3783	8324	10756	20124	31595
77	445	900	1677	3783	8323	10757	20118	31611
70	445	900	1677	3783	8322	10756	20118	31624
65	445	900	1678	3783	8321	10760	20108	31609
60	445	900	1678	3783	8321	10757	20122	31613
55	445	900	1677	3783	8321	10761	20102	31609
50	445	900	1678	3783	8321	10757	20129	31613

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The difference between the actual weight and the higher weight break is known as the deficit weight. In this case that is 40 lbs. To calculate the rates, take the weight (460) and divide by 100 (4.60). Use the resulting number to multiply times the Rate. The example below $4.60 \times 93.26 = 429.00$ plus $.4 \times 93.26$ (the deficit weight) gives a total of \$466.30. Had the alternation provision not been applied, the rate for this shipment would have been $4.60 \times 104.98 = \$482.91$. The alternation provision provides a savings of \$53.91.

The screenshot shows the CzarLite software interface with the following data:

Settings:	Class	Weight	Rate	Charge
Default		460	93.26	429.00

Origin: 64154 MO
Destination: 75052 TX

Discount: .00
MC Discount %: .00
Floor \$: .00

Deficit Weight:	40	93.26	37.30
Billed Weight:	500		
Gross Charge:			466.30
0.00% Discount:			-0.00
Net Charge:			<u>\$466.30</u>

Total Charges: \$466.30

Enter class Discount: Prompt RBN: 20527E

As stated above, most carriers prefer to use their own rate base and there are good reasons for this. The top two reasons are:

1. The carriers have adjusted their rates according to **their needs**. In areas where they are in need of more freight (typically known as backhaul lane), they may have lower rates that benefit your company if you ship in those lanes saving you money and providing good service. In other areas they may have more freight than the lane can handle and raise their rates to either reduce the amount of the freight or compensate for the additional runs that must be made to make service.
 - a. Carriers have three types of lanes:
 - i. Headhaul (plenty of freight and good revenue)
 - ii. Balanced (roughly the same amount of freight in both directions)
 - iii. Backhaul (need freight to fill empties or partials on the return leg)
2. There are some parts of the country that are subject to extra charges, specifically New York City, Martha's Vineyard, Florida Keys, etc. These charges are mostly built into the latest rate bases

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but when using an older or foreign rate base can be subject to additional charges (See Accessorials, Chapter 6)

There are other rate bases available that carriers will use if asked. When a carrier uses a rate base that is not their own, they refer to it as a “foreign tariff or foreign rate base”. An example of a foreign tariff is the CzarLite Rating series created by SMC³. These rates are considered revenue neutral meaning they are the same both ways in a specific lane. Having all carriers on the same rate base simplifies the comparison between carrier’s rates by focusing on the discounts; the larger the discount, the lower the net charge to you.

Most of the LTL carriers have their rates available for download from their websites. If you are going to use one of the Czarlite rate bases, you must buy a license. You can reach SMC³ at www.smc3.com.

Every carrier will offer a company a discount. If no discount is published for your company, most of the carriers have what is known as a “courtesy” discount. These can vary from 30% to 70% depending on the carrier.

Smaller shipments (generally under 500 lbs) may be subject to a “Minimum Floor Charge” or “Absolute Minimum Charge” or just “Minimum Charge”. This is the charge that your shipments cannot be discounted below. For instance, suppose you have shipment that has a gross charge (before discount) of \$100.

\$100.00	Gross charge
<u>(60.00)</u>	Less 60% discount
\$ 40.00	Net Charge
\$ 60.00	Minimum charge applies in lieu of discounted rate

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CHAPTER 5

What are classes and where do I find them?

Classes are assigned in the National Motor Freight Classification Guide, commonly referred to as the NMFC. Every item that can be shipped can be found in this guide, although it is not always easy to find. Two different organizations have an electronic version of the NMFC, the National Motor Freight Traffic Association (NMFTA) whose product is known as Class IT and SMC³ whose product is known as FastClass. The electronic versions are only useful if you are very familiar with how a product may be described in the NMFC so you can find it or you already know the Item number. My recommendation is that you buy the book from NMFTA (www.nmfta.org). It is easier to use and you can often find a better description by reading the items above or below your original selection.

The NMFC is divided into several sections:

- Participating carriers – in order to use the classifications found within this guide, the carriers are required to participate or join the NMFTA. **If they are not participants, they cannot use the classes or the rules.**
- Generic Headings – List of groups you can use to search for a specific item you cannot find listed in the next section
- Index to Articles – a specific list of products that can be found by their item numbers in the Articles section of the book
- Rules – this section contains all the rules from definitions of terms, conversion from US system to Metric to Bill of Lading information
- Articles – specific items listed by Item number providing a description of the product, packaging requirements and class for each.
- Specifications for Numbered Packages – when a packaging number is referred to in an item, it means that that type of packaging is required to protect the shipment. You can the description in this section.
- Principles and Practices for the Investigation and Disposition of Freight Claims – How to section
- Sample Loss and Damage and Overcharge claim forms

Freight classes run from a low of 50 to a high of 500 (18 classes in total). Class 55 will be higher than Class 50; Class 60 will be higher than Class 55 and so on and so forth.

Freight Class is determined by four different factors:

1. Density of the item (heavier items will generally have a lower classification)
2. Value of the item (higher value items will generally have a higher class)
3. Packaging or Stowability (how does it load in a trailer, will it damage other freight?)
4. Handling characteristics (how easy is it to get on and off a trailer, pallet vs. 12 foot roll of carpet)

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Sometimes a product's class is determined by declaring a "released value". This means that in return for a lower classification, the shipper releases the value of the shipment to a lower dollar level in the event of a claim. See example below and note the class differences:

 **Subject to Group:** [Item 114000](#)

MACHINERY GROUP: Articles consist of Machinery or Machines, or Parts Named, see Notes, items [114012](#), [114014](#), [114018](#), [114022](#) and [114024](#), as described in items subject to this grouping.

Item 115700
Business or Office:

Item 116030
Machines, Systems or Devices, data processing, or units that form components of data processing machines, systems or devices, **including Facsimile (FAX) Machines**, in boxes or Package [2254](#), or **Parts thereof**, NOI, in boxes or Package [2253](#); or **Electronic Telephone Switching Systems** or components for such systems, in boxes or crates, see Note, item [63242](#), or in Packages [2050](#), [2286](#) or [2291](#); see Note, item [116032](#).

[Sub.01 Class-92.5](#)
Released to a value not exceeding \$5.00 per pound

[Sub.02 Class-150](#)
Released to a value exceeding \$5.00 per pound but not exceeding \$10.00 per pound

[Sub.03 Class-250](#)
Released to a value exceeding \$10.00 per pound but not exceeding \$25.00 per pound

Note 63242
Also applies on switchboard sections, partially crated, when securely braced in truck, and on the iron work, loose.

Note 116032
The released or declared value of the property must be entered on the shipping order and bill of lading at time of shipment in the following form:

"The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding _____ per pound."

If the shipper fails or declines to execute the above statement or designates a value exceeding \$25.00 per pound, shipment will not be accepted, but if shipment is inadvertently accepted, it will be considered as being released to a value of \$5.00 per pound and the shipment will move subject to such limitation of liability.
(The released values upon which the classes herein are dependent have been authorized by the Interstate Commerce Commission by Released Rates Order No. MC-894 of May 10, 1977, as amended August 10, 1979 and January 7, 1983, subject to complaint or suspension.)

Sometimes a product's class is determined by whether the product is setup (SU) or knocked down (KD) or nested (means one placed within another, like trash cans stacked inside each other). Many furniture items are classed in this manner. See the example below and note the class differences:

 **Subject to Group:** [Item 25400](#)

BOILERS, FURNACES, STOVES AND RELATED ARTICLES GROUP: Articles consist of Boilers, Furnaces, Radiators, Stoves, Related Articles or Parts Named, as described in items subject to this grouping.

Item 25910
Camp Stoves or Grills, cooking, outdoor type, charcoal burning, designed for permanent installation, steel, 12 gauge or thicker, in packages:

[Sub.01 Class-125](#)
SU

[Sub.02 Class-70](#)
KD, see Note, item [25911](#)

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Subject to Group: Item 25400

BOILERS, FURNACES, STOVES AND RELATED ARTICLES GROUP: Articles consist of Boilers, Furnaces, Radiators, Stoves, Related Articles or Parts Named, as described in items subject to this grouping.

Item 27140

Stove Shields:

[Sub-01](#) Class-150

SU, not nested, in boxes or crates

[Sub-02](#) Class-100

SU, nested, or KD, in packages

The greatest area of problems for shippers relates to density. See example of a density based shipment below:

Item 155850

Planters, or Flower or Plant Boxes, Baskets or Tubs, NOI, with or without legs, in boxes, subject to Items [170](#) and [171](#) and having a density in pounds per cubic foot of:

[Sub-01](#) Class-400

Less than 1

[Sub-02](#) Class-300

1 but less than 2

[Sub-03](#) Class-250

2 but less than 4

[Sub-04](#) Class-150

4 but less than 6

[Sub-05](#) Class-125

6 but less than 8

[Sub-06](#) Class-100

8 but less than 10

[Sub-07](#) Class-92.5

10 but less than 12

[Sub-08](#) Class-85

12 but less than 15

[Sub-09](#) Class-70

15 or greater

Every LTL carrier is checking for freight that is classed improperly or has the wrong weight. Some carriers have experienced up to a 20% increase in revenue by correcting classes and weights. Refer back to Chapter 3 for instructions on how to calculate pounds per cubic foot. Remember, if your freight cannot be top loaded with other freight, most carriers are going to calculate the height of the shipment at least 96" unless the shipment is taller. Include the weight of your pallet as it will help lower the classification by increasing the pounds per cubic foot. Be sure when you create the bill of lading that you write the full description, pounds per cubic foot and the class in the description.

Note: Failure to do this will result in the freight being rated at Class 400 as described in the rule below:

Item 170

APPLICATION OF CLASSES-INADVERTENCE CLAUSE

Shipper must show on bills of lading and shipping orders at time of shipment the actual density or density group as provided for in the provisions referencing this Item. If the actual density or density group is not shown and shipment is inadvertently accepted, charges will initially be assessed on the basis of the class applicable to the lowest density provided. Upon submission of satisfactory proof of a higher actual density, freight charges will be adjusted to the basis of the class applicable to such density.

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There is a way to “bump” the class down one level using Item 171. There are specific rules that must be followed to insure the rule is applied. There are two main points to remember:

1. The item must specifically refer to Item 171 (see Planters two illustrations above for reference)
2. It must be exercised at the time of shipment. You cannot send a corrected bill of lading later trying to exercise the bumping rule.

The Item below contains a good illustration of how the bumping rules works and what needs to be written in the body of the bill of lading.

Item 171

APPLICATION OF CLASSES-ARTIFICIAL CONSTRUCTION OF DENSITY TO OBTAIN A LOWER CLASS (BUMPING)

Where commodities are subject to Classification provisions which assign classes based upon density, a shipper may, at its option, increase the weight of the package(s) or piece(s) to artificially increase the density of the package(s) or piece(s) and apply the next lower class in the density scale to that increased weight, where the result would be a lower charge. THIS MAY ONLY BE DONE WHERE THE APPLICABLE PROVISIONS MAKE SPECIFIC REFERENCE TO THIS RULE AND MAY ONLY BE DONE AT THE TIME OF SHIPMENT.

Bumping is accomplished by determining the actual cubage of the particular package(s) or piece(s) and multiplying that cubage by the lowest density named in the density group which provides the next lower class. The following example demonstrates the application of this rule.

A commodity which is classified per item [156600](#), naming 'Plastic Articles, NOI, other than expanded,' is shipped in a package which measures 40" x 48" x 54" and has a cubage of 60 cubic feet. The package weighs 300 pounds, thus the actual density (weight divided by cubic feet) equals 5 pounds per cubic foot (pcf).

Commodities with densities of 5 pcf are classed per sub 4 of item [156600](#) (4 but less than 6 pcf) which provides a class 150. The next lower class of 125 is provided in sub 5 of item [156600](#) (6 but less than 8 pcf).

To bump, the actual cubage of 60 cubic feet must be multiplied by 6 (the lowest density named in sub 5) to determine a declared weight for billing purposes of 360 pounds.

In each instance where the provisions of this rule are utilized, the shipper must show on bills of lading and shipping orders at time of shipment the:

- (1) actual cube,
- (2) actual weight,
- (3) density group (sub) embracing the actual density,
- (4) declared density, and
- (5) resultant weight for billing purposes (declared weight) of the package(s) or piece(s) for which density is being bumped.

The takeaways from this section are:

1. Be sure you class all of your freight correctly using the NMFC Guide
2. Be sure and write the correct description and utilize the NMFC number and class when completing the Bill of Lading

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CHAPTER 6

What are Accessorial Charges?

Accessorials are any services performed above and beyond the normal pickup, transport and delivery of a shipment. Remember, the carrier expects to pick up the shipment at a dock and deliver to a dock. That is all the basic freight charges cover. If you need a lift gate equipped truck because you don't have a dock there is an extra charge. If the shipment has a COD, there is an extra charge. If the shipment is going to a convention center, private residence, fair grounds, or penitentiary, there is an extra charge. If you are shipping into remote areas or high density population areas (NYC), there is an extra charge. In short, just about everything has an extra charge. Below is one carrier's table of contents (regional carrier) for their rules and accessorials:

Index Sorted by Description

Application of Rates for Accounts with no Published Pricing	Item 1001
Application of Weight Groups	Item 998
Arrival Notice and Undelivered Freight	Item 330
Bills of Lading	Item 360-1
Bills of Lading Corrections	Item 360
Bill of Lading Order-Notify Shipments	Item 360-2
Bill of Lading - Third Party Billing	Item 360-3
Blind Shipment Charge	Item 605
Classes, Rates & Discounts	Item 420
Classification of Combined Articles	Item 422
Collect on Delivery (C.O.D) Shipments	Item 430
Concealed or Un-Noted Damage	Item 450
Control and Exclusive Use of Vehicle	Item 370
Delivery and Unloading Service	Item 751
Delivery Service to Walmart or Target Distribution Centers	Item 751-1
Delivery to McLane Midwest Danvill, IL or Supervalu Oglesby, IL	Item 751-2
Detention- Truckload Shipments 10,000 Pounds or more billed weight	Item 504
Detention - Vehicles with Power Units	Item 500
Detention - Vehicles without Power Units	Item 501
Diversion or Reconsignment or Diversion	Item 820
Expedited Service	Item 530
Extra Labor - Loading or Unloading	Item 560
Extraordinary Value Articles	Item 625
Freight Broker Procedures	Item 1005
Fuel Surcharge Program	Item 998
Guaranteed Services	Item 565
General Provisions	Item 110
Governing Publications	Item 100
Hazardous Materials Charge	Item 600
Hydraulic Liftgate Service	Item 520
Impracticable Operations	Item 570
Inside Delivery-Handling Freight at Positions Not Immediately Adjacent to Vehicle	Item 566

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Inspecting and Repackaging	Item 888
Interline Service Charges	Item 1004
Limitation of Liability	Item 625
Marking or Tagging Freight	Item 575
Method of Cancelling Original & Revised Pages	Item 200
Minimum Charge Capacity Loads	Item 300
Minimum Charge - Cubic Capacity and Density	Item 615
Non-Payment of Freight Charges & Returned Check	Item 720
Notification Prior to Delivery	Item 647
Over Dimension Freight	Item 670
Packaging Requirements	Item 680
Pallet Interchange	Item 710
Pickup or Delivery at Limited Access Locations	Item 651
Pickup or Delivery Private Residence	Item 650
Pickup or Delivery Service on Sat, Sun, Holidays or Service Before or After Hours	Item 756
Precautionary Markings	Item 790
Precedence of Pricing Programs	Item 760
Prepayment and Payment of Freight Charges	Item 770
Prohibited or Restricted Articles	Item 625
Protective Service-Freezables from Shippers	Item 810
Protective Service-Freezables from Interline Carriers or Brokers	Item 810-1
Quotations of Estimated Freight Charges	Item 815
Re-Delivery	Item 830
Reference to Publications, Items, Groups, Notes or Rules	Item 845
Released Value and Excess Declared Value Coverage	Item 625
Reweight or Inspection Charges	Item 1002
Shipments Consigned to Trade Shows	Item 320
Sort and Segregate Service	Item 886
Stopping of Truckload for Partial Loading or Unloading	Item 900
Storage	Item 910
Time Limit for Filling Shortage and Damage Claims	Item 1000
Time Limit for Filling Shortage and Damage Claims for Interlines	Item 1000-1
Vehicle Ordered But Not Used	Item 1003
Verification of Count or Damage	Item 635

The most common and recognized accessorials is the Fuel Surcharge. As you can see there are a number of services considered **chargeable services**. Copies of carrier's rules tariffs are available upon request. Often they are available directly from carrier's websites.

Carriers do not always use the same description for a particular service. For instance, one carrier might use "Inside Delivery" and another "Handling Freight Not Immediately Adjacent to the Vehicle" to describe the same service. "Lift gate" or "Ground Delivery" often describes the same service. "Limited Access Locations" and "Non-Commercial locations" often mean the same.

There are specific Convention Centers and Retailers that have extra charges for delivery or pickup as well. See Item 751-1 and 751-2 above for examples.

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CHAPTER 7

What are Liability Limitations?

Each carrier maintains a cap on how much liability they will accept for loss or damage to freight. Knowing these limitations will help when selecting carriers, especially if you ship high value cargo. These liability limitations begin with the NMFC, Item 172:

ITEM NO.	DESCRIPTION	VALUE LIMITATION
62820	Radio, Radio-telephone or Television Transmitting or Transmitting and Receiving Sets or other Radio Impulse or Wireless Audio (Sound) Impulse Transmitting or Transmitting and Receiving Sets, separate or combined	\$10.00 per pound
63025	Semiconductors, viz.: Devices, NOI; Diodes; Rectifiers; Thermistors; Transistors	\$20.00 per pound
70080	Flatware, Dresserware or Holloware, sterling silver; or Flatware, Dresserware or Holloware, with sterling silver parts, such as backs, covers, frames, handles or tops	\$ 5.00 per pound
88160	Glassware, NOI	\$19.00 per pound
99400	Hides, Pelts or Skins, dressed or tanned or not dressed nor tanned, NOI, dry	\$ 7.50 per pound
107830	Jewelry, costume or novelty, made of materials other than solid or filled precious metals, not mounted nor set with precious stones	\$ 5.00 per pound
116030	Machines, Systems or Devices, data processing, or units that form components of data processing machines, systems or devices, including Facsimile (FAX) Machines, or Parts thereof, NOI; or Electronic Telephone Switching Systems or components for such systems	\$ 5.00 per pound
136500	Metal, NOI, or Metal Alloys, NOI	\$ 5.00 per pound
164900	Radioactive Materials, Articles or Isotopes	\$ 5.00 per pound
196420	Watches or Watch Movements	\$10.00 each

Where the provisions of other tariffs apply, and those provisions specify a limitation of the carrier's liability absent a release or value declaration by the shipper, the carrier's liability shall be limited to the extent provided by such applicable provisions when the shipper does not make the requisite or specified release or value declaration.

The items listed above are automatically released to the Value Limitation in the far right column, whether declared by the shipper or not.

The next place to look for the limitations is in the carrier's rules tariff. See example below:

FXFE

CARRIER LIABILITY

1. Carrier shall not be liable for any loss or damage to a shipment or for any delay caused by an act of God, the public enemy, the authority of law, the inherent vice of the goods or the act or default of the shipper. The burden to prove freedom from negligence is on the carrier or the party in possession. IN NO CASE WILL CARRIER BE LIABLE FOR ANY TYPE OF CONSEQUENTIAL, SPECIAL, INDIRECT OR EXEMPLARY DAMAGES, including but not limited to loss of income or

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profits, regardless of whether or not Carrier knew or should have known that such damages might have been incurred.

2. Customer shall, at its cost and expense, comply with all applicable federal, state, local and International laws, rules and regulations pertaining to its shipments and shall be responsible for all costs, liabilities, delays, fines and expenses caused by, resulting from or otherwise associated with any noncompliance by Customer or Customer's shipments with any such laws, rules or regulations. Customer shall also be responsible for Carrier's charges pertaining to any services performed by Carrier at Customer's request for compliance with any such laws, rules or regulations.
3. Corrected bills of lading or letters of authority to add or change the valuation of any shipment will not be accepted, except as noted in paragraph 5.A herein.
4. Whether new, used or reconditioned articles and regardless of NMFC released, declared or actual value provisions, Carrier's liability for any shipment loss, damage or delay shall not exceed the lesser of the actual value or the applicable liability limitations referenced in this tariff Item 420.
5. Items described in the NMFC and shipped under RELEASED VALUE provisions will be subject to the maximum released value depending on the class listed at the time of shipment.
 - A. When the NMFC offers the Consignor or Consignee the option to declare an actual, declared or released value on the Bill of Lading, and such valuation is NOT declared by the Consignor or Consignee and the shipment is inadvertently accepted by Carrier, charges will be assessed based on the wording of the applicable NMFC item covering the shipment.
 1. On shipments that are classed based on value, either actual, declared or released, and the NMFC does not advise within the item or its notes how to rate a shipment when such value is not present on the bill of lading, the Carrier will rate at the highest class provided within the item at a maximum liability not to exceed \$5 per pound. Specifically so covered within this item, but not limited to, are NMFC items 149420 and 161850 that will be rated as follows if no value is provided on the bill of lading:

NMFC Item #	Apply Class	Subject to Maximum Liability of:
149420	300	\$5 per pound
161850	125	\$1 per pound
 - B. When a Freight All Kinds (FAK) class or an exception class rating is provided in any tariff governed by the provisions of this tariff for a commodity that has available declared or released value provisions in the NMFC to obtain a lower class, the commodities are released to the lowest declared or released value provided in the NMFC, regardless of the shipment weight or whether rated truckload, LTL, minimum charge or absolute minimum charge.
6. In lieu of the valuation indicated in the NMFC, valuation, rates and charges on USED or RECONDITIONED articles will be as follows:
 - A. When Consignor or Consignee declares no value or declares an actual or released value of 50 cents or less per pound per package or fails to describe articles as used or reconditioned on the original Bill of Lading:
 1. Apply 100 percent of the customer's otherwise applicable charges as published in tariffs subject to this item.
 2. Carrier's maximum liability shall not exceed 50 cents per pound per package or \$10,000 per incident, whichever is lower.
 - B. When Consignor or Consignee requests EXCESS LIABILITY COVERAGE for used or reconditioned articles exceeding 50 cents per pound per package and describes the articles as used or reconditioned on the original Bill of Lading:

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1. Apply 80 cents per pound per package, subject to a minimum charge of \$132, in addition to 100 percent of the customer's otherwise applicable charges as published in tariffs subject to this item.
 2. Consignor or Consignee will indicate on the original bill of lading (Carrier's form) in the designated area under Note 2 that excess liability coverage of \$5 per pound per package has been requested for the used or reconditioned articles. If Consignor or Consignee is using a bill of lading form where no designated area is provided, Consignor or Consignee shall indicate on the original bill of lading in the description of articles section: "Excess liability coverage requested in the amount of \$5 per pound per package."
 3. In no event shall Carrier's maximum liability for used or reconditioned articles exceed the actual value or \$5 per pound per package, whichever is less, with a maximum of \$10,000 per incident.
- C. In all cases, the weight of packaging and/or shipping container, pallets, skids and the like shall not be included when determining excess liability coverage or Carrier's maximum liability. Additional liability coverage IS NOT AND WILL NOT BE CONSIDERED AS INSURANCE FOR THE CARGO.
7. Application of this paragraph is only while the shipment is in the Carrier's possession within points within the US and cross border shipments between the US and Canada. Unless EXCESS LIABILITY COVERAGE is requested for NEW articles and so noted as outlined in paragraph 8 herein, Carrier's maximum liability shall be the actual cost of goods supported by certified copy of original invoice not to exceed \$25 per pound per package or \$100,000 per incident, whichever is lower. In all cases, the weight of packaging and/or shipping container, pallets, skids and the like shall not be included when determining Carrier's maximum liability.
 8. When the Consignor or Consignee requests EXCESS LIABILITY COVERAGE for new articles exceeding \$25 per pound per package, the following charges and provisions will apply:
 - A. Consignor or Consignee will indicate on the original bill of lading (Carrier's form) in the designated area under Note 2 the amount of the excess liability coverage requested for the new articles, not to exceed a maximum of \$50 per pound per package. If Consignor or Consignee is using a bill of lading form where no designated area is provided, Consignor or Consignee shall indicate on the original bill of lading in the description of articles section: "Excess liability coverage requested: (total amount of excess coverage requested in dollars per pound, not to exceed a maximum of \$50 per pound per package)."
 - B. Charges for excess liability coverage will be assessed based on 3% of the requested excess liability coverage, subject to a minimum charge of \$58.
 - C. In no event shall Carrier's maximum liability for new articles exceed the actual value of the articles or \$50 per pound per package, whichever is less, with a maximum of \$100,000 per incident. In all cases, the weight of packaging and/or shipping container, pallets, skids and the like shall not be included when determining excess liability coverage or Carrier's maximum liability.
 9. Excess liability coverage is not available for the following:
 - A. Articles with actual, declared or released values as described in the NMFC
 - B. Articles listed in paragraph 6 and 10 herein may not be covered by the excess liability coverage set forth in paragraph 8.
 - C. Excess liability contained within paragraph 8 herein, is expressly disallowed on shipments to points outside of the US, its possessions, or to points located in Canada. Any excess liability to points outside of the US, its possessions or to points located in Canada is the responsibility of the Shipper through the Shipper's own insurer.

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10. For shipments moving from points in the US to points in Puerto Rico, Hawaii, and/or Alaska and shipments moving from points in Puerto Rico, Hawaii, and/or Alaska to points in the US, the following limitations of cargo liability provisions will apply:
 - A. If loss or damage occurs to goods in transit, Carrier's maximum liability will not exceed the lesser of the actual value supported by a certified copy of the original invoice or the applicable liability limitations referenced in this tariff Item 420.
 - B. If loss or damage occurs to goods in transit before the loading or after the discharge of said goods from the ocean vessel, the Carrier's US domestic liability limitations will apply, except that no excess liability coverage is available and the Carrier's maximum liability will not exceed the lesser of the actual value supported by a certified copy of the original invoice or the applicable liability limitations referenced in this tariff Item 420. In the event that the point of loss or damage cannot be determined, the liability limitations detailed in section 10.A of this item will apply.
11. For shipments requiring customs clearance, the Shipper, Consignee, Third Party, Broker and/or Agent is responsible for complying with all applicable domestic and international treaties, laws, government regulations, orders or requirements including but not limited to customs and import laws and regulations of any country to, from, through or over which the shipment may be carried and agrees to furnish such information and complete such documents as are necessary to comply with such treaties, laws, regulations, orders or requirements. Under no circumstance will the Carrier be liable for failure to comply with any such provisions.
12. For shipments moving from or to points within Mexico and for shipments moving from or to points in Mexico on the one hand and from or to points in the US on the other, the following limitations of cargo liability provisions will apply:
 - A. If loss or damage occurs to a shipment while within the Border of Mexico, or at a Border Gateway of Mexico, maximum liability will be limited to \$0.50 cents per pound per package or \$5,000 per incident, whichever is lower.
 - B. If the Shipper desires to tender a shipment requiring carrier liability coverage in excess of the \$5,000 maximum liability noted in A above, the Shipper must indicate in writing on the Bill of Lading or service order, as applicable at the time of shipment the total dollar or Mexican peso amount of excess coverage requested. The maximum available carrier excess liability coverage is \$45,000 per shipment for a total of \$50,000 when added to the initial maximum coverage. In no event will Carrier's maximum liability coverage exceed \$0.50 cents per pound per package or \$50,000 whichever is less.
 1. Application of this provision is only while the shipment is within the Borders of Mexico or at a Border Gateway of Mexico.
 2. Excess liability coverage is not available for the following:
 - a. Articles with actual, declared or released values as described in the NMFC.
 - b. Articles listed in paragraph 6 of Item 420 herein.
 - C. If loss or damage occurs to a shipment within the Border of the U.S. and not a Border Gateway of Mexico, the Carrier's U.S. domestic liability limitations will apply, except that no excess liability coverage is available and the Carrier's maximum liability will not exceed the lesser of the actual value supported by a certified copy of the original invoice, not to exceed the limitations and exclusion as detailed in Item 420 herein. In the event that the point of loss or damage cannot be determined, the liability limitations detailed in section 9.A or 9.B herein, in the event excess coverage has been declared at time of shipment, of this item will apply. Additional liability coverage IS NOT AND WILL NOT BE CONSIDERED AS INSURANCE FOR THE CARGO.

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D. Charges for excess liability coverage (Mexico) will be assessed based on the following:

1. A charge of \$1.12 per each 100 pounds of excess coverage, prorated accordingly (equal to \$0.01 per pound charge.)
2. Subject to a minimum charge of \$56.
3. Not to exceed a maximum charge of \$504.

E. The parties agree that FedEx Freight will be exempt from any obligation or liability that may arise from:

1. Accidents or Acts of God, or from any other reasonable cause that is beyond FedEx Freight control;
2. Governmental actions;
3. Erasures or scratches caused by electric or magnetic damage or from any other damage to electronic, photographic or any other kind of images;
4. Incomplete or inaccurate information stated in the SERVICE ORDER;
5. Any of the following: theft, with or without violence, assault, attacks, disruption of public peace, kidnapping, fire, earthquake, revision of the MERCHANDISE at fiscal inspection stations or customs offices run by different administrative authorities and in general any disaster or action, with or without violence which may happen to FedEx Freight, FedEx Freight US, and/or to the CARRIER and by which the conservation, keeping and/or delivery of the MERCHANDISE, total or partial, is prevented, in conditions different to the conditions when it was received.

F. FedEx Freight's additional liability with CUSTOMER in case of payment of the additional liability coverage shall only be applicable in the event that FedEx Freight is directly liable for the damage or loss suffered by the MERCHANDISE. In case FedEx Freight is not liable, CUSTOMER shall not have the right to claim that additional coverage payment. Likewise, FedEx Freight shall have at any time the right to refuse the additional coverage and expansion of the liability limit if at its own discretion, considers inconvenient to expand the liability additional coverage. Furthermore, the parties agree that FedEx Freight shall not have any obligation before the CUSTOMER in case the damage or loss that the MERCHANDISE suffers is caused by the events stated in 9.E. of Item 420.

13. ANY EFFORT TO REQUEST EXCESS LIABILITY COVERAGE OR DECLARE A VALUE IN EXCESS OF THE MAXIMUMS ALLOWED IN THIS TARIFF IS NULL AND VOID, AND THE ACCEPTANCE FOR CARRIAGE OF ANY SHIPMENT BEARING A REQUEST FOR EXCESS LIABILITY COVERAGE OR A DECLARED VALUE IN EXCESS OF THE ALLOWED MAXIMUMS DOES NOT CONSTITUTE A WAIVER OF ANY PROVISION OF THIS TARIFF AS TO SUCH SHIPMENT.

Takeaways:

1. The carrier assumes no liability for consequential damages. Examples of consequential damages include loss of sale, plant shutdowns, missed tradeshow, etc.
2. Once a shipment has departed your dock you cannot revise the Bill of Lading (BOL) and request additional coverage
3. Maximum liability for used equipment is \$.50 per pound unless excess coverage is purchased and then it is limited to a maximum of \$5 per pound
4. Mexico, Canada, Hawaii, Alaska and Puerto Rico have different liability caps
5. This particular carrier has a maximum liability of \$25 per pound PER PACKAGE but offers additional insurance up to \$50 per pound
6. Carrier exempts itself for acts falling under Force Majeure (Acts of God, etc.)

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Some carriers limit their liability by spot quotes, pallet rates and/or class, see below:

AACT

PART III – LIMITATION OF CARRIER’S LIABILITY

(See NOTES A and B)

A. Except as otherwise provided, AACT maximum liability for cargo loss or damage shall be limited as follows (in the event more than one limit of liability rule may apply to a shipment, the rule with the lesser maximum limit of liability will apply):

(77)AACT’s maximum liability on shipments subject to Pallet Rates, Spot Quote, Flat Rate or Volume/Truckload charges published in Tariff AACT 200 series and Per Pallet Rates will be:

- Per Pound per package \$2.00
- Maximum per shipment..... \$20,000.00

b. Unless otherwise provided, AACT’s maximum liability per pound per package will be the lesser of the following not to exceed \$100,000.00 per shipment (whichever is less):

- (1) Actual invoice value;
- (2) Limited liability provisions shown on the bill of lading;
- (3) Applicable Released Value or Actual Value liability provisions of STB NMF 100 series; or
- (4) As shown in the table below which shall be arrived at by determining the Rated Class of the articles as published in STB NMF 100 series, or the applicable Freight All Kinds (FAK)/Exception Class rating provided for the shipment. AACT maximum liability will be that which is shown in Column B opposite the class shown in Column A.

Column A	Column B	Column A	Column B	Column A	Column B
Class	Max Liab	Class	Max Liab	Class	Max Liab
50	\$1.05	85	\$8.55	175	\$16.05
55	\$2.30	92.5	\$9.80	200	\$17.30
60	\$3.55	100	\$11.05	250	\$20.00
65	\$4.80	110	\$12.30	300	\$20.00
70	\$6.05	125	\$13.55	400	\$20.00
77.5	\$7.30	150	\$14.80	500	\$20.00

Again, the takeaway here are that you must read the carrier’s liability limitations and know whether your commodities will be covered in the event of a claim.

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CHAPTER 8

Preparing the Bill of Lading

The Bill of Lading (BOL) is a **Contract** between the Shipper and the Carrier. Preparing it properly will help insure that the product gets where it is going on-time and intact. If for some reason it doesn't, the BOL provides the basis for a loss and/or damage claim. **Fill it out incorrectly** and you run the risk of higher freight rates and the inability to get the full dollar value for your claim. The next page contains a blank BOL.

Step 1. Fill in your information completely including your phone number and name in the Shipper box.

Step 2. Complete the Consignee box including their complete address, phone number and contact name for delivery (if you know it).

Step 3. Who is paying the freight for this shipment? If your company is, in the Terms box, check "Prepaid". If the Consignee is paying the charges, check "Collect".

Step 4. If you have special instructions for where the freight bill is to be sent, complete the Bill To box. If not, leave it blank.

Step 5. Identification of the shipment. If your company identifies each shipment with some kind of reference number, enter it in the "Shipper's Reference No." line. If the Consignee has a purchase order or other reference number to identify the shipment internally, enter it under the "Consignee's Reference/PO No." line.

Step 6. Is the shipment moving "Collect on Delivery" (COD)? If it is, complete the COD section COMPLETELY. Be sure and indicate what type of funds are acceptable (Cash, certified check, company check). Complete the Remit to address so the carrier knows where to send the funds. Also, before you use this section, contact the carrier and make sure they will handle a COD in the amount you are requesting and ask how much they charge for collecting the fee. Finally, be sure you write in Large Capital Letters, COD in front of the consignee name in the Consignee box.

Step 7. Complete the description section of the BOL.

- A. Start with the number of pieces. Note: this should be the actual number of pieces being shipped and not just the pallets. For instance, you might have 25 boxes on a pallet. If the driver can see to count all the pieces, make him count them.
- B. If the pallet is shrink-wrapped before the carrier arrives and all the pieces are not visible, the driver will notate the number of pallets STC (said to contain) the number of pieces.
- C. If the shipment is Hazardous, the Hazardous items must be listed first. Be sure and check the HM box.

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Glossary

Accessorial Charge

Extra fee assessed by the carrier for services over and above the pickup, transportation and delivery of a shipment. See Chapter 6

Bill of Lading

A bill of lading is a transportation contract between the shipper and the carrier. It contains all the shipping information for a given shipment. See Chapter 8

BOL

Abbreviation for Bill of Lading

Capacity Load

The condition that exists when a shipment fills or nearly fills a trailer. See Chapter 2

Consignee

The receiver of the freight.

Consignor

The shipper of the freight.

Cubic Capacity Rule

Carrier rule that applies to shipments taking up a specific amount of room (typically 750 cubic feet) and having a density below a certain weight per cubic foot (typically 4 – 6 #'s per cubic foot)

CzarLite

Rate base created by SMC³, licensing required

Density

Weight (in pounds) per cubic foot. Typically calculated as length (inches) x width (inches) x height (inches)/1728 to get the cubic feet of a shipment. Divide the weight of the shipment by the cubic feet and you get the density or pounds per cubic foot. This is needed to determine the class in many freight classifications.

Foreign Tariff

Pricing tariff used by a carrier that is not its own. Example: CzarLite

Freight Class

A number assigned in the NMFC for a particular item. Class is one of the requirements necessary to get a rate for a shipment. See Chapter 5

Full Visible Capacity

Same as Capacity Load

Inadvertence Clause

Found in the NMFC, this clause states that if a density based shipment is accepted by the carrier without the density being shown on the BOL, the carrier may apply the highest class to the shipment and it is the shipper's responsibility to prove the actual density later. See Chapter 5

Item 171

Bumping clause. Provides a method of lowering the class (density based shipment) to the next lowest class by recalculating the weight using a different density. This item must be referred to specifically to be able to implement. See Chapter 5

LTL Module 1

KD

Stands for “Knocked Down” meaning not setup. Many prefab furniture items come knocked down and the customer has to put them together.

LTL

Less than Truckload, generally less than 20,000# and does not take up a full pup. See Chapter 1

Nested

This means that an item can be stacked within itself. As an example, trash cans can be set within each other taking up less room on a trailer than if they were shipped individually.

NMFC

National Motor Freight Classification contains the item and class for all items shipped by truck. See Chapter 5

NMFTA

National Motor Freight Traffic Association – party responsible for maintaining and updating the NMFC. See Chapter 5

Pup

27-28’ trailers used by LTL carriers

Released Value

Some items in the NMFC are released to a lower value for loss or damage claims purposes because of their high value (Item 172). Other provisions allow for a lower class if the shipper chooses to release a shipment to a lower declared value. In the first case, the shipper has no choice, in the second case they do. See Chapter 7

SU

Stands for “Set Up”, meaning the item is already put together when shipped.

STC

Abbreviation for “Said to Contain”. This notation will be found on a BOL near the driver’s name and it indicates that the driver did not or could not count the actual pieces on a pallet

Truckload

One shipment fills the whole trailer