



NATIONAL FORWARDING COMPANY, INC.

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DATE: December 17, 2008
TO: Military Agents of National Van Lines, National Forwarding Co.,
Subsidiaries and Affiliates
FROM: Kevin Spealman, Vice President of Claims & Customer Service
SUBJECT: **Claims Information**

Due to all of the changes, especially in claims with all shipments moving at Full Replacement Valuation and requiring direct carrier settlement, I wanted to take the time to send you this informational bulletin.

Agent Liability - By now, most of you are aware of our charge back policy for FRV (Full Replacement Valuation) claims, which is a limitation of \$1.25 per pound per article for damages, with no liability limitation for loss, gross negligence, or a major incident including but not limited to a van or warehouse fire, accident, break-in, etc.

Estimate Fees - You should also be aware that we split any estimate fees that we incur between all parties responsible for the claim. We do not charge any claims fee or other fee for our time in obtaining the estimates or settling the claim.

Your Comments - We have also recently added programming changes which automatically email any new claim to the agents involved. You will therefore be receiving advance copies of the claims via email now, rather than through the U.S. Postal Service. Besides efficiency benefits (time and postage to mail) this also gets the claim to you faster, which is very important in the new direct settlement environment. Many of the claims that our office processes are recently delivered, and if we continued to mail them, you wouldn't have them before we completed settlement. Even with our new program for emailing the advance copies of claims, there may still be instances where we have already settled the claim by the time your comments are received. Therefore, it is important that you send your comments as soon as possible after you get the emailed claim. Please remember that you do not need to send us a comment on every claim – only those where you are aware of a situation that we may not be aware of, or have something out of the ordinary to relate. We will always check exceptions, riders and give consideration to all circumstances surrounding the claim. You also need not re-send comments you sent previously in reply to an 1840/1840R.

Pre-Existing Damage (PED) - We arrange for estimates/inspections on many of the new full replacement valuation claims. If there are pre-existing damages noted on the inventory which are similar to the damage claimed, it is important to remember that the inspection report will override any pre-existing damage exceptions. If the inspection indicates that the damage is new transit damage, we would pay the claim regardless of any inventory exceptions. The obvious deviation from this rule would be cases where the damage is without question the same as the damages on the inventory (*the right front leg of an item is broken on the inventory, and the right front leg of the item being claimed on the claim.*) We're certainly not going to pay or hold you responsible for that type of damage.

There may also be times when we do not have an estimate which will adequately support the amount being claimed. It would not be worth it, for example, to have the service member take a \$50.00 DVD player into a store for an estimate, when we would wind up paying another \$50.00 just to have the repair firm look at the item, and then still possibly paying the same \$50.00 for a new item. Obviously we have to use common sense with regard to whether it is worth it to obtain an estimate, and when it simply makes more sense to settle the claim without one. You may be held liable in the case of the DVD player if you packed the shipment, unless there are other indications which may call for denial, but you would also be spared the additional cost of an estimate.

Missing Items – There are times where we have to accept liability for missing items, where the carton itself appears to have delivered. In these instances, the liability is typically split between all parties, unless the origin agent does not follow the proper High Value/High Risk Procedure (see below). In those instances, the packer is liable for 100% of the loss, even if the item is not High Value (the last handler is always charged if the whole carton is missing, pending review of riders, etc.).

High Value/High Risk Procedure – there is now only one acceptable form, as it's the official government recognized form. It has certain inherent protections to the carrier when used, such as an ability to decline liability for items not noted at delivery and limitation to \$100.00 per pound for items not listed by customer, under certain circumstances. Both High Value (see form for specific list) and High Risk (CDs/DVDs, electronics, etc.) must be included. Numbered carton security seals must be used, and cartons both sealed and unpacked in front of the customer on both ends.

Any questions on our procedures can be directed to me at 800-325-6889.