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SERVICE DATE – JUNE 13, 2007

SURFACE TRANSPORTATION BOARD

Decision

Amendment No. 5 to  
Released Rates Decision No. MC-999

Decided: June 11, 2007

RELEASED RATES OF MOTOR COMMON CARRIERS  
OF HOUSEHOLD GOODS

AGENCY: Surface Transportation Board.

ACTION: Request for comments on proposed changes to the authorization for motor common carriers to offer “released rates,” under which the carriers limit their liability to consumers for loss of or damage to the household goods transported.

SUMMARY: The Board proposes, and seeks comment on, three changes to its released rates authorization, to enhance the protection of consumers whose household goods are damaged or lost by motor common carriers.

DATES: Comments are due July 30, 2007. Reply comments (if any) are due August 13, 2007.

ADDRESSES: Send an original and 10 copies of any comments, referring to Amendment No. 5 to Released Rates Decision No. MC-999, to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001.

FOR FURTHER INFORMATION CONTACT: Lawrence C. Herzig, (202) 245-0282. [Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339].

SUPPLEMENTARY INFORMATION: Prior to the enactment of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), Pub. L. No. 109-59, 119 Stat. 1144 (2005), motor carriers of household goods (HHG) were generally held liable, under 49 U.S.C. 14706, for the actual loss or injury they caused to the property they transported. Because most HHG are “used,” the carriers’ liability was for the depreciated value of the goods. However, under 49 U.S.C. 14706(f), HHG carriers could, with the permission of the Board, limit their liability by offering “released rates,” under which a carrier’s liability is limited to a value established by written declaration of the shipper or by written agreement. The Board has authorized HHG carriers to offer released rates under certain terms and procedures.

Amendment No. 5 to Released Rates Decision No. MC-999

The Board's current released rates orders—Released Rates of Motor Common Carriers of Household Goods, 5 S.T.B. 1147 (2001), and Released Rates of Motor Common Carriers of Household Goods, Amendment No. 4 to Released Rates Decision No. MC-999 (STB served Apr. 22, 2002, and July 26, 2006)—authorize HHG carriers to limit their liability for damage to, or loss of, the goods in their care upon a written declaration of the shipper. Under these orders, HHG carriers could avoid the default cargo liability level by offering their shippers a choice of two alternative carrier-liability options based on the rate that the shipper agreed to pay for the transportation of its goods. Under one option, the carrier's cargo liability is limited to 60 cents per pound per article ("60-cents option") if the shipper writes a valuation of "60 cents per pound" on the bill of lading/contract. In that event, the shipper pays only a base rate for the shipment. Alternatively, for an additional charge, the shipper may obtain "full value protection" for the shipped goods (the "FVP option"), meaning that the carrier is liable for the replacement value of the lost or damaged goods (up to the pre-declared value of the shipment) or, at the carrier's option, for restoring damaged goods to their prior condition.

In section 4207 of SAFETEA-LU, Congress changed the statutorily prescribed, standard cargo liability of HHG carriers from the actual (i.e., depreciated) value of lost or damaged goods to the replacement value of those goods unless the shipper waives in writing that level of protection. See 49 U.S.C. 14706(f)(2), (3).<sup>1</sup> Thus, the standard (or default) cargo liability of a HHG carrier is now the replacement value of the goods (for example, the value of a comparable new television to replace a used television that was lost in a household move, rather than the depreciated value of the used television).

Also in SAFETEA-LU, at section 4215, Congress directed the Board to review the current Federal regulations regarding the level of cargo liability protection provided by motor carriers that transport HHG and to revise the regulations, if necessary, to provide enhanced protection in the case of loss or damage. After receiving public comments, the Board published its review in Review of Liability of Motor Common Carriers of Household Goods, STB Ex Parte No. 662 (Review) (STB served Aug. 9, 2006).

In the Review proceeding, the Consumer Protection Division of the Office of the Attorney General of Maryland (Consumer Protection Division) suggested ways to condition the released rates authorization to enhance consumer protection. We propose to adopt the Consumer Protection Division's two suggested changes, and ask for comment on those two proposed changes as well as a third proposed change. In addition, we invite suggestions on any other conditions that could help to ensure that consumers understand the consequences of selecting the 60-cents option when shipping their HHG.

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<sup>1</sup> That statutory amendment required certain changes to the released rates authorization. See Released Rates of Motor Common Carriers of Household Goods, Amendment No. 4 to Released Rates Decision No. MC-999 (STB served June 13, 2007). As noted in that decision, we construe the new statutory default level of liability as the equivalent of what formerly was the FVP option.

Requiring All Shipping Documents to Include Full Value Protection Estimate. The Consumer Protection Division indicated that each year it receives complaints from consumers who did not know that they had shipped their goods under the 60-cents option until they filed claims with the moving company for property that was lost, stolen, or damaged during the move. According to the Consumer Protection Division, moving companies often include in their basic moving contract a waiver of the consumer's right to FVP, and consumers sign contracts without understanding that they are agreeing to limit the moving company's liability.

As suggested by the Consumer Protection Division, the Board proposes to require moving companies to provide, in any order for service, contract form, or bill of lading, a provision for, and a written estimate of, the cost of the move under FVP. If the moving company provides only the required estimate at FVP and the shipper accepts, the shipper will have the standard protection established in the statute: replacement value for goods lost or damaged. Moving companies also could include in the documents an estimate of the cost under the 60-cents option. When the moving company provides two estimates (the required FVP estimate and a voluntary 60-cents option estimate), consumers will likely inquire about the difference between the two estimates and be alerted to the difference in the available levels of carrier liability. We seek comment on this proposed change.

Written Waiver of Full Value Protection on Separate Document. We also propose, as the Consumer Protection Division suggests, to require that any waiver of FVP by the consumer must be in clear and understandable language that is designed to ensure that the waiver has been made knowingly, and must be on a document separate from the moving bill of lading or contract. We ask for comment on: (1) the wording that would most easily explain the consequences of waiving the standard FVP; and (2) whether having the waiver on a separate document would better alert consumers to the consequences of waiving FVP.

Resetting the Assumed or Minimum Valuation for a Shipment. The current released rates orders provide for an assumed valuation and a minimum valuation for a shipment in certain circumstances. The assumed valuation arises when a shipper elects the FVP option but neglects to write a valuation figure on the bill of lading or contract. The minimum valuation comes into play when a FVP shipper writes in a value that is obviously too low.

Under the 2001 released rates order, both the assumed valuation and the minimum valuation were set at \$5,000 or \$4.00 times the actual total weight in pounds of the shipment, whichever is greater. 5 S.T.B. at 1149. Recently, the Board authorized HHG carriers to make annual inflation adjustments to the \$4-per-pound figure, based on the percentage changes since a base year, by applying a commonly used index.<sup>2</sup> See Released Rates of Motor Common Carriers of Household Goods, Amendment No. 4 to Released Rates Decision No. MC-999 (STB served July 26, 2006).

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<sup>2</sup> The index is the Consumer Price Index—All Urban Consumers (All Items), published by the Bureau of Labor Statistics of the United States Department of Labor (CPI-U).

At the time the Board authorized the \$4-per-pound figure, a moving industry group estimated that the average actual (depreciated) value of HHG shipments was \$4.50 per pound.<sup>3</sup> 5 S.T.B. at 1154. Thus, the approved \$4-per-pound figure approximated the then-default level of carrier liability: actual (depreciated) value. As previously explained, the default level of liability is now the replacement value of the HHG, not the depreciated value. Because the \$4-per-pound figure, even as adjusted by the CPI-U, likely is nowhere near the new statutory default level of liability (i.e., replacement value), it would be more appropriate to adopt a new per-pound value that reasonably approximates the average replacement cost of a HHG shipment. Therefore, we solicit the public's comment on an appropriate new figure for a minimum and assumed per-pound value.<sup>4</sup>

Board decisions and notices are available on our website at [WWW.STB.DOT.GOV](http://WWW.STB.DOT.GOV).”

Decided: June 11, 2007.

By the Board, Chairman Nottingham, Vice Chairman Buttrey, and Commissioner Mulvey.

Vernon A. Williams  
Secretary

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<sup>3</sup> The industry group was the Household Goods Carriers' Bureau Committee, which is composed of HHG carriers.

<sup>4</sup> We will not eliminate the \$4-per-pound minimum while we develop a new minimum valuation because the \$4 level at least provides some protection for shippers who do not declare a value, or who use unscrupulous movers who might suggest unconscionably low declared values for HHG shipments.