

July 19, 2006

Surface Transportation Safety Board
1925 K Street, NW
Washington, DC 20423-0001

re: **STB Ex Parte** No. 662
Review of Liability of Motor Common Carriers of Household Goods

Dear Sir or Madam:

Section 4215 of the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users, Pub. L.No. 109-59; 119 Stat. 114 (2005) ("SAFETELU") directed the Surface Transportation Safety Board (the "Board") to review, with respect to protection of consumers whose goods are lost, damaged or stolen, (1) whether current regulations provide adequate protection; (2) the benefits of purchase by a shipper of insurance to supplement the carrier's limitations on liability; and (3) whether there are abuses of the current regulations that leave the shipper unprotected in the event of loss and damage to a shipment of household goods. Complaints received from consumers and investigations of household goods movers conducted by the Consumer Protection Division (the "Division") show that consumers currently do not receive adequate protection and are often unaware of the limitations on liability that are routinely buried in carriers' contracts.

The Division recommends that, instead of requiring consumers to purchase additional insurance to receive replacement coverage for their lost or damaged goods, many of the complaints that we receive would be addressed if carriers were required to price consumers' moves based upon replacement coverage. Any waiver of replacement coverage would be required to be part of a separate disclosure form that clearly and conspicuously advises consumers of the limited coverage they will be receiving if they agree to accept limited coverage instead of full replacement coverage.

The Division receives between 150 - 200 complaints from consumers each year regarding household goods movers. A significant number of those complaints from consumers concern lost or damaged goods. Many of these consumers whose goods were lost, stolen or damaged, did not become aware that their mover's liability was limited to \$0.60 per pound until after they filed claims with their mover to recover for property that was lost, stolen or damaged during the move.

In reviewing these complaints about the movers' limited liability disclosures, we learned that these disclosures were buried among numerous provisions in the contract that consumers are first presented with on the day of the move. These disclosures are unlikely to clearly inform the sophisticated, let alone average, consumer that the mover is not responsible for paying replacement value for items that are lost, damaged or stolen during the move. One example is shown in the following complaint received from a consumer in Marriottsville, Maryland:

Within the first 20 minutes of our house move, several pieces of our bedroom furniture were badly damaged. Following this heartache was a safe that was dropped and cracked, and several pieces scratched. We followed proper procedure of filing claim forms within days of our move. **On September 12, 2003 the company offered \$46.20 to pay for the damage. In all honesty, we were appalled by this amount, as I hope you will be too after looking at the enclosed pictures.** (Emphasis added)

Similarly, a consumer from Odenton, Maryland reported the following:

I received a letter from [the mover] informing me that I would be reimbursed \$53.96 for extraneous labor and materials charges and a whopping \$21.00 for the items they broke, which included china, an office lamp, and my office desk. I contacted [the mover] after receiving the letter and informed her that I did not feel she had adequately reimbursed me. **She informed me that I had elected the minimum reimbursement insurance of .60 cents per pound, and did not explain the materials and labor difference. That was news to me.** (Emphasis added)

Another consumer from Culpepper, Virginia reported a similar experience:

We paid the \$600 and eight hours of labor to have our belongings sent to us, but we only received five hours of labor (see bill). Some of our belongings were lost and/or damaged. **There was a dresser, picture frame, family collectibles, and two televisions for which they only wanted to reimburse \$82.20. We feel that [the mover] is operating in an unethical manner.** (Emphasis added)

In addition to the complaints it has received, during the last five years, the Division has entered into settlements with four moving companies to resolve allegations that the movers violated Maryland's consumer protection laws by, among other things, misleading consumers concerning the limitations on the movers liability for lost, damaged or stolen goods during intrastate moves.

The protections in place for consumers whose goods are damaged or lost by household goods movers are contained in 49 U.S.C.A. § 14706, which provides, in pertinent part, that a household goods mover is liable for household goods "that are lost, damaged, destroyed, or otherwise not delivered to the final destination is an amount equal to the replacement value of such goods. . ." However, a mover may limit its liability by released rates established by the Board ("released rates"). In order to conform to the requirements of SAFETELU, a household goods mover may not rely on the released rates established by the Board unless it obtains a written agreement from the shipping consumer waiving the movers' obligation to provide full value protection. It is in this regard, the Division has seen the greatest abuses by movers of the existing regulations.

Based on its investigations and the consumer complaints it has received, the Division has found that it has been the rule, rather than the exception, for household goods movers to include in their basic contracts a waiver of the consumers' right to full value protection unless the consumer specifically elects to purchase additional full value protection. Unwary consumers who are not properly apprised of the limitations on the movers' liability contained in the moving contracts often sign such contracts not knowing that they are agreeing to limit their movers' liability. It is not until their mover loses or damages consumers' personal property and they file a claim with the mover that they learn that the mover's liability is limited to \$0.60 per pound. Where the lost or damaged good is something precious or valuable, this relief is often only a fraction of the true value of the lost or damaged property.

To address the problem of consumers not being adequately informed regarding limitations on the movers' liability, the Division recommends that in reviewing the current regulations concerning the liability for household goods movers for lost or damaged goods that the Board consider explicit regulations:

- requiring household goods movers to provide for full value protection in all of their standard contracts and include its cost in any estimates provided to consumers. Full protection should be the rule, rather than the exception.
- requiring any written waiver of full value protection by consumers to be made in clear and understandable language that is reasonably designed to ensure that the waiver has been made knowingly by the consumer and be in a document separate from the moving contract.

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We recognize that these comments have been submitted beyond the date on which they were due. However, we would be grateful if the Board would include them as part of its record in this matter. Thank you for your consideration.

Very truly yours,

Steve Sakamoto-Wengel
Assistant Attorney General