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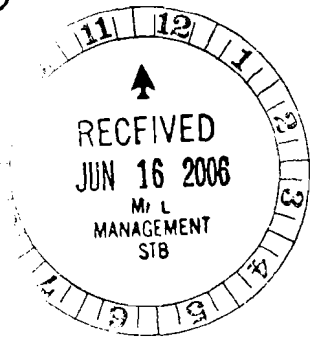
INLAND MARINE UNDERWRITERS ASSOCIATION

2/6785

June 12, 2006

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

STB
Public Record



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

Dear Sir/Madam:

The Inland Marine Underwriters Association [IMUA] was organized in 1930 as a not-for-profit insurance association focused on the commercial inland marine line of business. IMUA is committed to advancing the educational, governmental, regulatory and technical interests of the commercial inland marine insurance industry. IMUA's members make up approximately 90% of the insurance and reinsurance companies underwriting commercial inland marine business in the U.S.

One of the major classes of inland marine business is transportation insurance, and included in that class is the insurance of household goods in transit. This letter is written on behalf of the member companies of IMUA. The IMUA Transportation Committee (made up of volunteer employees of member companies) agrees in principle with the underlying premise of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) – Public Law No 109-59.

We would like to bring your attention to a potential problem that could arise in the adjustment of claims as respects item (3) in your request for public comments. Most insurance policies today covering the motor carrier's liability for loss or damage to household good which they are transporting are written on manuscript insurance company forms with an actual cash value (ACV) valuation clause. This generally would hold true for all but the largest national moving companies. SAFETEA-LU affords the shipper (owner of the goods) the ability to obtain "full value protection", i.e. replacement value. Since the insurance company's client is the carrier, there could very well be a disconnect between the insurance company's adjustment of the claim for loss or damage at ACV and the carriers liability under SAFETEA-LU.

Since its enactment, IMUA member companies have begun to experience problems in the adjustment of claims. With a policy that covers a carrier's liability, subject to the aforementioned valuation clause, the insurer often may not settle a claim without

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obtaining a full release in favor of its insured. As the motor carrier has a greater liability than is protected by the policy, the shipper will not provide a release to the carrier for the payment which may be made under the policy.

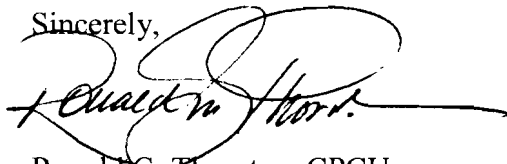
Example: A five-year old TV is damaged beyond economic repair in a shipment where the shipper has opted for "full value protection", but the insurance policy is written on an ACV basis. The insurance claims adjuster would offer settlement to the shipper on the carrier's ACV policy terms and conditions basis (generally unknown to the shipper), while the shipper would expect his/her TV replaced – new for old – based on his/her agreement with the carrier. This mismatched expectation would put the three parties in a potential litigious situation, or require the HHG carrier to make a supplemental payment covering the difference in adjusted value.

One could opine that the solution to all this is quite simple – insurance companies could change their policies to mirror SAFETEA-LU. The issue here is multi-fold. First, there is the need to overcome the historic approach to HHG insurance on an ACV basis. Then there would be the administrative need and cost for a myriad of insurance companies to rewrite and reissue all HHG insurance contracts. Finally, there is the matter of cost. Obviously, "full value protection" is much broader in scope than ACV, and insurance companies would need to adjust their pricing structure upwards to address the increased exposure. One would have to believe this price differential would be passed on to the consumer.

In summary, we believe your review of this matter is timely from the standpoint that there are underlying claims adjustment problems in the current marketplace due to the aforementioned issues.

We thank you for the opportunity to comment on this important transportation issue.

Sincerely,



Ronald G. Thornton, CPCU
President & CEO

Cc: IMUA Transportation Committee