

Claims Policy of Cutts Worldwide Logistics

Cutts Worldwide Logistics, Inc. (CWL) acts as an intermediary in arranging for transportation and transmitting claims to the carriers and/or insurance company on behalf of the shipper. CWL does not accept and will not incur any liability in any way for the transmittal or disposition of claims between shippers, carriers and insurance companies.

To guard against loss of timely filing of claims that approaching the time limits, such claims should be filed DIRECTLY with the insurance Company or carrier by the shipper.

Claim Information

Cutts Worldwide Logistics, Inc. will follow the guidelines set forth by the National Motor Freight Classification (attached) and the Transportation Consumer Protection Council (formerly named Transportation Claims and Prevention Council, Inc.) It is important to monitor the dates closely. If the carrier does not pay the claim within a specific time, legal action may be necessary. Cutts Worldwide Logistics, Inc. may arrange arbitration if necessary.

Claims must be in writing

Claims for loss and damage can be mailed to the carrier and copied to Cutts Worldwide Logistics, Inc., P.O. Box 1070, Ackerman, MS 39735. Cutts Worldwide Logistics, Inc. will be glad to offer our opinions and answer any questions you may have. The essential elements of the claim form are:

- (1) Notice that a loss occurred;
- (2) The identity of the shipment;
- (3) The nature of the loss (damage, shortage, non-delivery, pilferage, etc.)
- (4) The amount of loss
- (5) A demand for payment

Necessary documentation presented with the claim should be:

- (1) Loss and damage form with the above information
- (2) Original Bill of Lading
- (3) Original Paid Freight Bill
- (4) Original Commercial Invoice
- (5) Inspection Report
- (6) Photographs
- (7) Delivery Receipt
- (8) Damaged Goods Disposition Report
- (9) Cause of Loss Statement
- (10) Quality Control Report
- (11) Packaging, Loading, Blocking, Bracing, and Unloading Report
- (12) Other information relevant to the details of the claim

All claims must be submitted to Carrier within 90 days of the date of the shipment.

Concealed Damage Claims

All claimants need to be aware that shipments received without an exception notation on the delivery receipt are considered delivered “clear”. IF the cargo is discovered after delivery to be damaged, but no exceptions were written upon the carrier’s delivery receipt, the claim may be for “concealed” damages. Cutts Worldwide Logistics, Inc. should be notified immediately, but not later than fifteen (15) working days.

An inspection report must be requested of Cutts Worldwide Logistics, Inc. by telephone, with confirmation in writing. All material and packaging must be held in the receiving location for the carrier’s inspection. A request for inspection is not a claim. If the carrier’s inspection report is not made within (5) working days after the request for inspection, or the inspection was waived by the carrier, the consignee’s inspection report will be recognized as verification of the damages by the carrier. The inspection report should be factual and not include opinion. Photographs should be included with the report.

Claim Acknowledgment

Claim acknowledgment must be in writing and sent by the carrier within 30 days after receipt thereof. There must be a carrier claim number and if any further documents are needed in the investigation of the claim, the carrier must request them at that time.

The carrier must pay, decline the claim or make an offer to settle the claim within 120 days after receipt. IF the claim still is not resolved in 120 days, the carrier must notify the claimant in writing as to its status every 60 days thereafter. These procedures are required by the government’s regulations found in 49 C.F.R. (formerly 1005), which are reproduced in the National Motor Freight Classification.

If carrier fails to adhere to these regulations, carriers may be reported to the FMCSA, as it is a violation of the law. Cutts Worldwide Logistics, Inc. may advise Shipper/Carrier to arrange arbitration if necessary.

It is also understood that all settlements shall be between the Carrier and/or Insurance Company and Claimant, and that Cutts Worldwide Logistics, Inc. sole function is to facilitate communications and transmittal the claim.

Salvage

When a claim is filed for damages and the carrier pays the claim in full, the salvage becomes the property of the carrier and must be held for its pickup within 30 days of payment of the claim. Claimants may desire to keep the damaged goods, thus ensuring

the product does not reach a salvage outlet or the marketplace in a damaged condition. If the damaged goods have any value as salvage or scrap, the claimant must give the carrier an allowance for that amount and the shipper must deduct it from the claim.

Liability Limit

Cutts Worldwide Logistics, Inc. arranges for transportation as a Broker. Our responsibility is that of coordinating the movement of your product. We do not take physical custody of the freight, we are not a carrier, and therefore have no liability for or insurable interest in the goods. It is the underlying carriers, which bear the responsibility for the care and safe delivery of your goods. Claims for loss and damage must be filed against the carrier within the time limits expressed in this contract.

The route used to transport a particular load may be by a single carrier or a series of carriers. Service may be provided under released value or limited liability. Limited liability is a major factor with the growing use of deregulated movements or Contract Carriers. For example, many of the rail carriers have a \$200,000 maximum claim liability and a \$100 filing fee and very short presentation periods. Cutts Worldwide Logistics, Inc. does not add any fees, but reserves the right to add administrative costs to the claim form, depending on the depth and complexity of the claim, should we so desire.

Cutts Worldwide Logistics, Inc. offers assistance in the processing of claims, if the guidelines are met in this contract. However, to guard against loss of timely filing of claims approaching the time limits, claims should be filed directly with the carriers.

Customer's signature Date

Tim Cutts, President Date

Notes from the NMFC Manual

Under section 300105 of the National Motor Freight Classification 100-AA “Filing of Claims” section (a) states “Compliance with regulations. A claim for loss or damage, injury, or delay to cargo will not be voluntarily paid by a carrier unless filed in writing, as provided in subparagraph (b) below, with the receiving or delivery carrier, or carrier issuing the bill of lading...on whose line the alleged loss, damage, injury, or delay occurred, within the specified time limits applicable thereto and as otherwise may be required by law, the terms of the bill of lading or other contract of carriage, and all tariff provisions applicable thereto.

Under section 300120 of the National Motor Freight Classification 100-AA “Acknowledgement and Disposition of Claims” it states “Carrier will acknowledge claim in writing within 30 days after receipt thereof, informing the claimant of identifying number assigned thereto, and will pay, refuse payment, or make a firm compromise offer within 120 days after receipt of claim, except, that if claim cannot be disposed of within this period, carrier will at that time and at the end of each succeeding 60 day period thereafter while claim remains pending, inform the claimant in writing of the reason for failure to conclude claim. The carrier shall indicate in its acknowledgement to the claimant what, if any, additional documentary evidence or other pertinent information may be required by it further to process the claim as its preliminary examination of the claim as filed, may have revealed.

A separately numbered file will be established for each claim filed in accord with the provisions of this tariff. All documents, records and correspondence pertaining to such claim will be identified with this file number.”

Under section 300135 of the National Motor Freight Classification 100-AA “Reporting Concealed Damage” it states “When damage to contents of a shipping container is discovered by the consignee which could not have been determined at time of delivery it must be reported by the consignee to the delivering carrier upon discovery and a request for inspection by the carrier’s representative made. Notice of loss or damage and request for inspection may be given by telephone or in person, but in either event must be confirmed in writing by mail. If more than fifteen days pass between date of delivery of shipment by carrier and date of report of loss or damage, and request of inspection by consignee, it is incumbent upon the consignee to offer reasonable evidence to the carrier’s representative when inspection is made that loss or damage was not incurred by the consignee after delivery of shipment by carrier. While awaiting inspection by carrier, the consignee must hold the shipping container and its contents in the same condition they were in when damage was discovered insofar as it is possible to do so.”