

Cargo Claims: Uncovering Hidden Opportunities





Overview

A manufacturer of diversified consumer goods with operations in over 150 countries and over 250 decentralized operating units was in need of a global cargo claims management system. With a highly sophisticated global supply chain incorporating air, ocean, truck, and rail shipments, the management team recognized that one critical component of their supply chain management was missing—there was no centralized method for reporting, analyzing, and resolving cargo claims. The cargo claims process was decentralized and fragmented. With well over 3,000,000 shipments per year, they knew there had to be more than the 100 claims currently being reported annually.

The Opportunity

A solution was needed to provide all global operations with a process to report claims centrally so the financial impact to the organization could be measured. The client wanted to gain visibility and manage the true impact that cargo claims were having on their organization and drive supply chain improvements through claims analysis.

The Goal

To create a centralized cargo claims administration function that would:

- *Provide expert support*
- *Reduce client's risk of loss*
- *Maximize claim recovery*



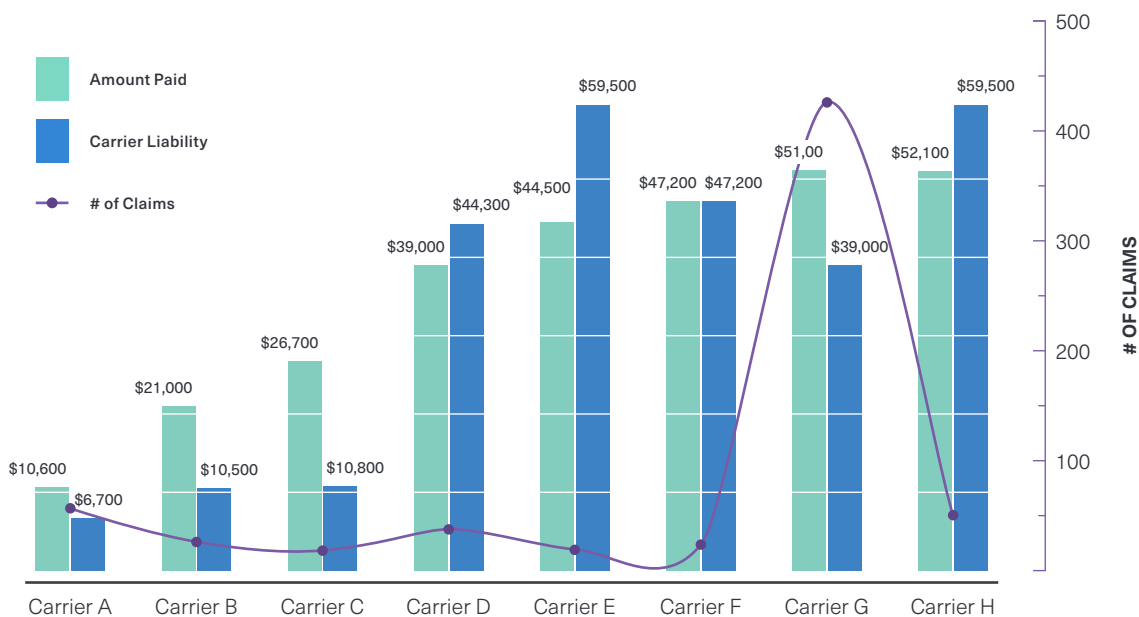
Our Solution

ECIB began a phased implementation with well-planned and strategic milestones. During the transition period, every operation began filing claims online via ECIB's proprietary Claims and Risk Management System. Claims were received and immediately acknowledged by a dedicated ECIB account team. The team investigated the claims, compiled the necessary documents, and presented the claim to the appropriate transportation carriers for immediate resolution. As claims were resolved, the money recovered was forwarded to the client.

The Results

The program realized results that exceeded initial expectations. In a 12-month period, the claim count increased 2,500%, with recoveries over \$1,500,000. However, some of the most valuable features existed within the data and visibility that the program provided.

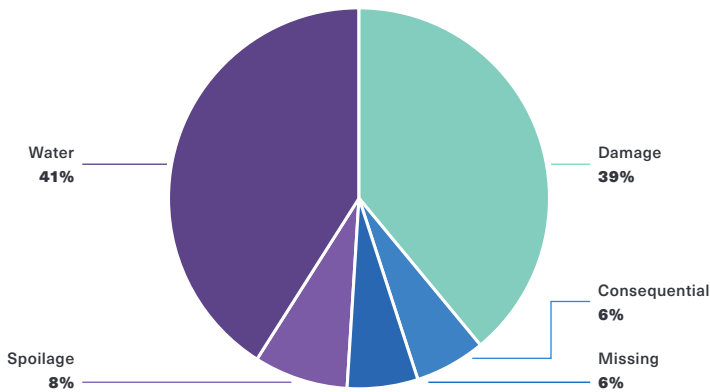
**Claims by Carrier
Amount Paid vs Liability**



This graph is a snapshot of the number of claims per carrier. This compares the amount that each carrier paid versus the amount of contracted legal liability on those claims. This helped the client manage their carriers and award business to those who were accepting responsibility and ultimately led to replacing two "non-compliant" carriers.

The Results (Continued)

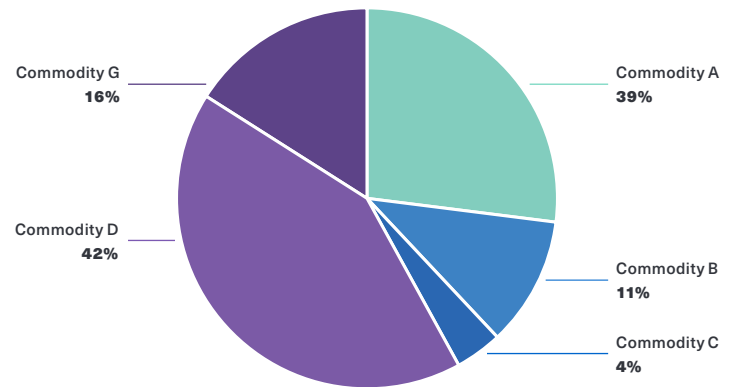
Total Claims By Loss Cause



Analyzes the claims that were being incurred, broken out by cause of the loss. The client used this to identify the types of losses they were experiencing. With this information, the client was able to take proactive steps to address the following:

- Receiving processes
- Carrier selection
- Lane selection
- General supply chain risk management

Total Claims By Commodity Type



Analyzes the claims that were being incurred, broken out by type of commodity. The client used this to identify which types of commodities were experiencing claims and which were more susceptible to damage or loss. With this information, the client determined that packaging needed to be addressed. They hired a packaging engineer to improve the packaging on one of the high-risk/probability commodities.

In summary, the client was able to make vast improvements to their supply chain by:

Analyzing trends by carrier, which assisted with carrier selection. A larger portion of the business was awarded to carriers with lower loss ratios. Carriers with excessive loss ratios were replaced altogether.

Benefit - Reducing loss and leveraging their freight spend, therefore saving money.

Analyzing trends by commodity, which resulted in re-engineered packaging for a specific commodity, thereby lowering the frequency of product damage and claims.

Benefit - Less damaged goods, fewer claims, and more satisfied customers.

Identifying locations that needed additional training on proper receiving processes, resulting in fewer claims denied for improper receiving processes.

Benefit - Ultimately, more recoveries from carriers

Reducing their insurance deductible, which resulted in operations absorbing fewer under-deductible claims.

Benefit - Less financial risk to operations absorbing fewer under deductible claims, thereby being more profitable.

By outsourcing their cargo claims as a professional service, the client realized all the benefits mentioned above, while also creating more time and efficiencies. In turn, this allowed them to focus on their core competency. ECIB's program allowed the client to implement controls, gain visibility to all global cargo claims, reduce expenses, and create a revenue stream of over 4 to 1 for their organization.



ECIB provides innovative, logistics-focused risk management solutions through a data-driven approach to insurance and claims, in-house expertise, and superior service that enables our clients to better manage the risks in their supply chain.

If you'd like to learn more about supply chain risk management, visit www.ecibglobal.com or reach out to our experts at contact@ecibglobal.com.

