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Protecting your packages from carriers' mistakes

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Q: I use overnight shipping companies to send products to customers, and one of them recently lost a shipment of \$3,500 worth of goods. The carrier said it would pay me for the cost of the lost items. But my losses go beyond the price I paid for those items.

I had to spend money to get replacement goods shipped to me, and I spent time repacking and processing the order. If the shipment had gone as planned, I would have received \$4,200 from my customer. Shouldn't the shipper reimburse me for the full \$4,200 value of the deal, not just what I paid for the goods?

All steamed up in Alameda

A: Sorry, but this is the way the shipping industry works: You can only claim the cost of the goods lost, not your time or emotional stress or expected profit.

"There is fine print in every carrier disclosure saying that insurance applies only to the actual items and not the costs beyond that," said John Sandhu, who owns four Navis Pack & Ship franchises in the Bay Area, including one in San Francisco.

What's the story behind this limit?

Clearly the carriers want to shelter themselves from open-ended liability. A United Parcel Service spokeswoman said her company seeks to prevent people from double-dipping.

"We want to make the customer whole, but we don't want them to get their markup from the customer and from us as well," said Kristen Petrella of UPS.

Sandhu suggested the carriers are also trying to protect themselves from the occasional con artist who might seek \$10,000 for a lost box of widgets that actually cost \$500.

"There's a lot of fraud out there," Sandhu said. "I've seen people pack a \$5,000 vase that had already been broken at home, hand it to us (for shipping), and try to get someone else to pay for it. In my 18 years in this business, I've seen that quite a few times."

Somehow, I don't think this will make you feel any happier about getting \$3,500 instead of the \$4,200. Look on the bright side: At least you got the \$3,500 back.

And look to the future. Everyone makes mistakes, and it's inevitable that some packages will get lost or damaged. So here are some tips for making sure your shipments arrive as securely as possible:

-- Read the fine print. Know how much insurance you have, and what it covers. (For instance, Petrella said there are some limited circumstances in which UPS will reimburse more than your cost of goods - for instance, if UPS has caused you to completely lose a sale.)

-- Compare carriers. "When you have something expensive and it's critical that it get there, contact someone who offers more than one kind of service," said Sandhu. "There are people out there who offer a wide range of shipping services, almost like what travel agents used to do."

-- Buy extra insurance if necessary. Khatchig Jingirian - who runs a Burlingame jewelry import business and consults on wholesale distribution - uses FedEx for shipping but insures his jewelry shipments through a company called G4S International. "They will insure it for the full value, whatever you deem the actual value," Jingirian said.

-- Consult with your shipper about packaging alternatives if you have items that are fragile or unusual shapes. UPS, for instance, has a lab that for a fee will do stress tests on your parcels and help you come up with better packaging.

-- One other suggestion from UPS: Consider removing your business name from your boxes if it seems to shout, "Steal me!"

"Rolex is not going to put 'Rolex' on its packages," Petrella said.