

THE TRANSPORT ADVISOR



General Rate Increases Often Misapplied

The institutional understanding of surcharges and rate increases is essential to your organization, especially within the pricing and customer service departments. It is crucial that your staff be trained, otherwise with every new filing made their lack of knowledge leads to significant consequences. You can expect increased confusion among your customers, misunderstanding and errors by your rating department, and in some cases, fines for misapplied charges filed within your tariff.

The most egregious example of this is found within the filing of General Rate Increases (GRI's). The purpose of a general rate increase is to increase the level of existing rates within the tariff. To better explain, let's suppose a GRI is filed to take effect on January 1. For this purpose, rates filed on or before December 31 should not include the GRI levels as they are not yet effective, or in the public note it should specifically state that the forward filed GRI is not applicable. On January 1, the opposite will be true and it will be assumed that the GRI is included in the rates. In addition, if the GRI is to apply it should be stated in the public note field that the filed rate is subject to the GRI of January 1.

Know your tariff

This becomes even more critical when there are multiple GRI's implemented over the course of several months or years. We have witnessed in several instances that once the GRI has been filed as a rule, the organization fails to address the application beyond its original filing. Over time GRI's can become compounded when that is not the intent. In some instances the effect is multiple listings of GRI's dating over several years. While this seems innocuous, it can have drastic implications to the bottom line rates and suggest to your customers that the rate levels contained in the tariff are far higher than intended.

Most importantly, however, is that if these GRI's are calculating into the bottom line they are legally required to be assessed. It would be wise to make it a routine practice to roll the rate increases into existing rates within a few days of the GRI's effective date and expire the rule with a fixed date so it isn't forgotten and misapplied.



HAPPY THANKSGIVING

This space is usually reserved for spot market trends but for the months of November and December we have shrunk the newsletter to a single page and changed up the format just a little.

For those of you who enjoyed the Spot Market section, don't fret, it will return in January 2017.

For the Americans reading this newsletter, Happy Thanksgiving!

For those readers cast farther aboard, you may not celebrate Thanksgiving but you certainly deserve our thanks for your support and trust.

We also wish to reiterate that if you have a topic you would like addressed or questions answered within this format, please do not hesitate to pass them along.

**We appreciate your feedback.
Please let us know if this
information is useful to you and
your business.**