

Inspectors need insurance cover for improper inspections.

Annotate even the smallest problem on the EIR.

Liabilities can be significant – and fall on a number of parties.

In case of difficulties, consult a senior manager or director, or your regular claims contact at your TT Club office. Further information can be obtained from the TT Club's Regional Centres.



Further information, and additional copies, can be obtained from the TT Club's regional centres:

London

Tel +44 (0)20 7204 2626
Fax +44 (0)20 7204 2727

New Jersey

Tel +1 201 557 7300
Fax +1 201 946 1194

Singapore

Tel +65 6323 6577
Fax +65 6323 6277

Hong Kong

Tel +852 2832 9301
Fax +852 2574 5025

www.ttclub.com

Chassis on the Road in the USA

Interchanging chassis in the USA has taken on a new meaning in recent years. The driver has always been responsible for the roadworthiness of the vehicle, after interchange, but with chassis suffering "bits" falling off and court cases being pursued for the damage caused, there are moves to try to change this situation.

A recent court case involved, in part, the proper inspection of a chassis that was subsequently involved in a fatal accident. A piece of the chassis detached, fell onto the road and was run over by a minivan. The fuel tank of the minivan was ruptured by the piece of the chassis and the minivan burst into flames, killing the six children inside and injuring their parents. This case was settled for US\$100 million.

Inspections

Intermodal equipment in the USA, including chassis, is subject to annual inspections under the US Federal Motor Carrier Safety Act and its regulations as administered by the Federal Highway Authority ("FHWA"). There are only 26 states authorised to perform these inspections and issue FHWA certificates although the Act and its regulations apply to all 50 states.

The regulations require three types of inspection: Annual, Periodic and Daily (or "as used").

The owners and/or lessees of chassis often sub-contract this inspection work, especially the annual and periodic inspections. If this inspection work is sub-contracted, ensure that you have a written statement from the sub-contractor that:

- their inspectors are qualified to perform the inspections
- they are aware of the FHWA regulations
- the inspections performed will adhere to the regulations
- they have adequate insurance to cover any liabilities as a result of improper inspections.

Trucking companies (or their designees or agents) are responsible for the "as used" inspections,

although they may not be the primary lessees of the particular piece of equipment.

There may be State variations in respect of the responsibility for the daily or "as used" inspections.

This shows the importance of proper inspection of chassis. In addition, the truckers themselves should be aware of the hazards on routes to be driven.

Further, it is important that owners, lessees and users of chassis are aware of changes in the regulations. For example, US law requires that all chassis, manufactured before December 1993 and in use on US roads today, be fitted with conspicuity and/or reflective tape.

If you are an owner, lessee or user of such chassis you are required, as part of your insurance cover, to comply with all applicable laws relating to the use of such equipment.

Equipment Interchange Reports

Equipment Interchange Reports (EIRs) play a large part in this type of traffic, and proper chassis inspection and completion of these EIRs can save both time and trouble for both the lessee of the chassis and the trucker concerned.

It is important to annotate even the smallest problem area on the EIR so that the trucker may be made fully aware of the condition of the chassis before deciding whether to take the chassis on to the road. The final decision as to the safety of the vehicle on the road rests with the truck driver, but these EIRs, properly completed, will assist in this decision.

The truck driver often does not carry the sole liability for anything that happens once the vehicle and cargo unit is on the road. There are many cases where every party involved in the transport of the goods is joined in the court case. Even though it may be possible to obtain a "clean" receipt, this may not exonerate a company from joint liability.

Equipment Interchange Agreements

The EIR will explicitly be subject to some form of equipment interchange agreement. This agreement will typically lay down the division of responsibility relating to the EIR and the continuing condition of the unit in question. It will also cover issues such as what happens in the event of loss of or damage to the equipment.

More significantly, the interchange agreement will include provisions relating to liability, indemnity and insurance. While the intention is to pass all forms of responsibility onto the party who has custody and control of the unit, it should be noted that the requirements for insurance might not exceed that required by law. Even so, the stipulated minimum limit of liability for the contractual indemnities may be no more than US\$1 million.

Thus, in the event of a serious incident, the indemnity available may be significantly less than the potential award. Inevitably, there are other factors that will influence the extent to which a contractor will contribute to a liability exposure, albeit that owners, lessees and others in the intermodal chain are likely to be perceived as reasonable contributing parties.

Members are advised to ensure they have a sufficient level of insurance with regard to the use of chassis and the transport of containers on US roads to protect themselves against the actions or inaction of those involved in that transport.