Military Surface Deployment
And Distribution Command
(SDDC)

The Defense Personal Property Program
Claims and Liability Business Rules

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Introduction

The Defense Personal Property System (DPS) will use the Phase II-developed Claims Management module and functionalities for Non Temporary Storage (NTS) claims and Direct Procurement Method (DPM) claims. NTS and DPM claims will be rolled into DPS with the deployment of Phase III. The business rules as modified in this document will replace the rules developed for Phase II for all claims filed in DPS.

The Claims Management methodology is such that the customer may directly settle a claim with a Transportation Service Provider (TSP) through DPS. If the customer files a claim with the TSP via DPS within nine months of delivery, the TSP is responsible for Full Replacement Value (FRV) for all damaged and/or destroyed items.

1.0. Liability

1.0.1. The Full Replacement Value Act (US Code Title 10 §2636a) of 2003, allows the Secretary of Defense to include a clause for full replacement value (FRV) in rates filed and contracts with Transportation Service Providers (TSP). The Defense Reauthorization Act for FY2007 amended The Full Replacement Value Act and required the government to contract for FRV protection with all TSPs no later than 1 March 2008. This authorization also allows the government to deduct the value of outstanding claims of a TSP based on FRV from the amount due to a TSP if the TSP fails to settle that outstanding claim. All TSPs should include the cost of FRV coverage in the rates filed in DPS.

1.0.2. The delivering TSP is liable to the customer, to the customer's agent, or to the military service that contracted for the shipment, for loss or damage that occurs to the customer's personal property while it is in the custody of the TSP. Liability on all shipments will be determined in accordance with the Carmack Amendment to the Interstate Commerce Act, (Title 49, United States Code, Section 14706) unless a specific provision herein establishes a different rule or procedure

1.0.3. If the claim is filed directly with the TSP within nine months of delivery, then the TSP is liable for FRV. The TSP's liability will be the greater of

1.0.3.1. $5,000 per shipment, or

1.0.3.2. $4.00 times either the net weight of the HHG shipment or the gross weight of the UB shipment, in pounds, not to exceed $50,000.

1.0.4. If the claim is filed directly with the TSP more than nine months after delivery, then the TSP is liable for depreciated value, up to a maximum of $1.25 times the net weight of the shipment in pounds.

1.0.5. Payments by the TSP to an owner for inconvenience claims will not be deducted from the TSP's maximum liability for loss or damage, but are a separate liability (Refer to DTR, Part IV, Appendix B).

1.1. FRV Liability

1.1.1. If the customer files a claim against the TSP, within nine months of delivery, the TSP is liable for the repair or FRV cost of a damaged item, whichever is less, and for the FRV cost of lost, or destroyed items, unless one or more of the exclusions listed in Section 1.3, below, applies.

1.1.2. On these claims, the TSP's liability is as follows:

1.1.2.1. For items that are damaged but not destroyed, the TSP will, at its option, either repair the items to the extent necessary to restore them to their condition when received by the TSP,

or pay the customer for the cost of such repairs. The TSP is obligated to replace items that are damaged and not repairable.

1.1.2.2. For most items that are destroyed (i.e., the repair cost exceeds replacement cost) or lost, the TSP will, at its option, either replace the lost or destroyed item with a new item, or pay the undepreciated fair market replacement cost of a new item. New items should, to the greatest extent possible, be from the same manufacturer and should be the same make and model as the item that was lost or destroyed. If the TSP cannot find a new item that is the same as the item that was lost or destroyed, it may replace the item with one of comparable qualities and features. However, for lost or destroyed items that are parts of sets, such as a silver service, furniture, crystal glasses or china, the TSP may replace the lost item with a like item that matches the rest of the set. If the TSP is unable to match the item to the set, then the TSP is obligated to replace the entire set with a set of comparable qualities and features. Likewise, some items, such as collectable figures (e.g., Hummel and Lladro), collectable plates, collectable dolls, baseball cards, antiques, comic books, coin and stamp collections, and objects of art, cannot be properly replaced with new items because their value is based, in part, on the fact that they are no longer made and are no longer available for purchase as new items. For this type of item, the TSP may replace the lost or destroyed item with the same or comparable item or pay the replacement cost of the item. The list of items in this provision is not exclusive. The appropriate MCO may designate items for consideration under this provision. The TSP shall consult with the MCO for a determination on items that may be considered under this provision.

1.1.2.3. When FRV applies to a shipment that includes one or more motor vehicles (automobiles, motorcycles, mopeds, or motor scooters), the TSP's maximum liability for the vehicles shall be the value stated in the current issue of the N.A.D.A.'s Official Used Car Guide (the "Guide") for such vehicle(s), adjusted for mileage and other factors considered in the Guide. However, if either the customer or the TSP has obtained a pre-damage appraisal of the vehicle from a qualified appraiser, settlement will be based on the appraised value rather than the book value.

1.1.2.4. For boats, personal watercraft, ultra light aircraft, pianos, organs, firearms, objects of art, all-terrain vehicles, and snowmobiles, the TSP may replace the item with a comparable used item or pay the fair market value replacement cost. These items have an established and widespread secondary market and are not typically considered standard household items. As such, the list of items in this provision is not exclusive. MCO's may designate similar items for consideration under this provision. TSP's shall consult with MCO's for a determination on items that may be considered under this provision.

1.1.2.5. The customer may reject a payment, repair, or item offered by the TSP to settle a claim. If a customer files a claim, against the TSP within nine months of delivery, but fails to settle the claim directly with the TSPs involved in the shipment, the customer may transfer his claim to the MCO as provided in Section 2.1.2., the MCO may pay the customer pursuant to statutory and regulatory guidance and will seek to recover the FRV from the TSP. In cases where all or part of the claim has been transferred to the MCO, the TSP shall not have the option to repair or replace items in kind, but must pay to the MCO the repair cost or full replacement cost of a new item, whichever is less. If the TSP can show that they offered the customer a replacement item of

comparable or better quality than the item lost, the TSP's liability for that item will be limited to their replacement cost at the time offered (including tax or drayage).

1.1.3. Normally, all claims must be filed in DPS. Claims filed with a Military Claims Office (MCO) under the provisions of Section 2.2, below, will be forwarded to the TSP within nine months of delivery and within 30 days of receipt by the MCO if the claimant wants to settle the claim for FRV. If the TSP receives such a claim that has been forwarded by the MCO within nine months of delivery, the TSP will be liable for settlement under FRV guidelines. If the TSP receives such a claim from the MCO more than nine months after delivery, but it is postmarked or electronically transmitted within nine months of the delivery date, then the TSP will treat the claim as if it had been filed directly with the TSP within nine months and the TSP will be liable for settlement under FRV guidelines.

1.1.4. Replacement cost, whether depreciated or undepreciated, is based on the replacement cost at destination and includes shipping charges and sales tax. However, the TSP is not required to pay shipping charges and/or sales tax in excess of $10 on a claim until it receives proof that the charges and taxes were actually paid.

1.2. Actual Value (Depreciated) Liability

1.2.1. If the customer files a claim directly with the TSP or MCO more than nine months but within 2 years after delivery, the TSP is liable for the depreciated value of the items only up to a maximum of $1.25 times the net weight of the shipment in pounds. Liability will be as follows:

1.2.1.1. For items that are damaged but not destroyed, the TSP will, at its option, either repair the items to the extent necessary to restore them to their condition when received by the TSP, or pay the customer for the cost of such repairs, up to the depreciated value of the items.

1.2.1.2. For items that are destroyed (i.e., the repair cost exceeds the depreciated value) or lost, the TSP will pay the depreciated value for the item. However, if the customer is willing to accept a replacement item instead of cash payment, the TSP may settle all or part of a claim by delivering a replacement item(s) of like kind, quality and condition to the customer.

1.2.2. If the customer files a claim directly with an MCO, and does not want to file with the TSP for settlement, the military will adjudicate the claim pursuant to statutory and regulatory guidance. The MCO may then assert a recovery claim against the TSP. The TSP, on this type of a recovery claim, will be liable to the MCO for the depreciated replacement cost or repair cost, whichever is less. If the customer files a claim directly with an MCO, the TSP will not be liable for more than the depreciated replacement cost, not to exceed $1.25 times the net weight of the shipment, in pounds.

1.2.3. In settling claims for the depreciated replacement cost of an item, the MCO and TSP will use the Joint Military Industry Depreciation Guide for those items that are listed in the guide. The MCO and TSP will use the current replacement cost of the item as the base to apply the depreciation factor to arrive at the current actual value of the item. If an item cannot be replaced, or no suitable replacement is obtainable, the proper measure of damages for items that depreciate shall

be the original cost, adjusted upward to reflect the increase in the consumer price index (CPI) since the date of purchase, and then adjusted downward to reflect the depreciation rate in the Joint Military Industry Depreciation Guide.

1.2.4. Replacement cost is based on the replacement cost at destination and includes shipping charges and sales tax. However, the TSP is not required to pay shipping charges and/or sales tax in excess of $10 on a claim until it receives proof that the charges and taxes were actually paid.

1.3. Exclusions from Liability

1.3.1. The TSP shall be liable for physical loss or damage to articles that occurs while being transported or held in Non Temporary Storage EXCEPT loss or damage caused by or resulting from the following:

1.3.1.1. From an act or omission of the customer;

1.3.1.2. From defect or inherent vice of the article;

1.3.1.3. From hostile or warlike action in time of peace or war including action in hindering, combating or defending against an actual, impending or expected attack; from weapons of war employing atomic fission or radioactive force whether in peace or war; or from insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against such occurrence;

1.3.1.4. From seizure or destruction under quarantine or customs regulations; confiscation by order of any government or public authority; or risks of contraband or illegal transportation or trade;

1.3.1.5. From delay caused by strikes, lockouts, labor disturbances, riots, civil commotions, or the acts of a person or persons taking part in any such occurrence or disorder;

1.3.1.6. From Acts of God (also known as Acts of Nature);

1.3.1.7. From pre-existing infestations by mollusks, arachnids, crustaceans, parasites or other types of pests; and for fumigation or decontamination when not the fault of the TSP; or

1.3.1.8. From loss or damage that occurs prior to release to a TSP while the goods are in the possession of another TSP under an unrelated shipment of the goods. When a shipment is released from another TSP's control, the TSP that receives the goods for storage shall not be liable for an item claimed as missing which should have been listed as a separate item on the inventory, but which was not listed on the inventory that was prepared by the original TSP. However, the delivery TSP will be liable for items packed in cartons, if the carton is listed on the inventory, unless the delivery TSP can produce evidence to shift liability back to a prior handler and the item claimed bears a reasonable relationship to the contents of the carton listed on the inventory.

1.3.2. The TSP shall not be liable for intangible property, securities, nor for the sentimental value of an item nor shall the TSP be liable for pre-existing damage.

1.3.3. The exclusions listed above will not apply if the TSP's own negligence significantly contributed to the loss. However, if the TSP, after giving written or electronic notice to the appropriate government transportation office, or electronic or written notice to the customer, of a potential risk of loss or damage to the shipment from the above causes, is instructed by the government or the customer electronically or in writing to proceed with such transportation and/or delivery, notwithstanding such risk, the TSP shall not be liable for the loss attributed to the risk.

1.4. Duty to Mitigate Loss

1.4.1. If loss or damage occurs to a shipment from one of the excluded causes listed in Exclusions from Liability, the TSP may still be liable for additional damage that results from its failure to take reasonable steps to mitigate the extent of the loss. For example, if a shipment is damaged by water, the TSP, as soon as practical, should attempt to clean and dry the items, rather than allow further damage (e.g., rust, warping, or mildew), to develop from prolonged exposure to dampness. In some cases, the responsible PPSO/PPPO may direct the TSP to undertake specific mitigation work, or may authorize payment for mitigation work, subject to later determination of whether the government or the TSP will be liable for the cost. The cost of any such mitigation efforts not paid for by the government will be deducted from the TSP's maximum liability.

1.4.2. **Mold**. Shipments that develop mold in transit present special problems. When containers show signs of contamination, for example water saturation or mold growth on the exterior, the TSP should contact the responsible PPSO/PPPO by phone and via written notification (email preferred with Delivery and Read Receipt as proof of notification). The TSP will continue shipping operations to a location as determined by the TSP and responsible PPSO/PPPO. The responsible PPSO/PPPO will make arrangements for a Quality Assurance (QA) Inspector to be present at the selected location within two (2) business days to be present when the seals are broken and the containers inspected for mold. If the PPSO/PPPO is unable to provide a QA inspector, contact SDDC at usarmy.scott.sddc.mbx.pp-perf@mail.mil. If there is no evidence of mold, the containers will be resealed, notations made on the inventory by the QA inspector and/or the TSP, and shipment will continue in-transit to destination. When mold is discovered, the TSP will notify the customer and the inspecting PPSO/PPPO will notify the servicing MCO and update the destination PPSO/PPPO with findings. The TSP in possession at the time the mold is discovered is responsible for mitigation. Mitigation costs will be assessed under Paragraph 1.4.2.5. of this section.

1.4.2.1. ***Payment in lieu of remediation***. Prior to undertaking any remediation work, the TSP shall procure the services of a qualified mold remediation firm, if reasonably available, unless otherwise directed by the MCO or responsible PPSO/PPPO. The mold remediation firm shall make a preliminary assessment of the mold damage. The TSP will provide a copy of the estimate to all parties (e.g., destination PPSO/PPPO, MCO, and customer). After

consultation with the TSP, mold remediation firm, responsible PPSO/PPPO, and customer, the MCO shall determine whether circumstances warrant disposal of the contaminated items without attempting remediation. If the MCO determines that remediation is appropriate, there may be circumstances where customers will still refuse delivery. For example, a customer may choose to dispose of the property rather than accept the shipment because of a family member's "documented" medical condition. When the MCO determines that remediation is appropriate and reasonable under the circumstances, the TSP will only be liable for the lesser of the remediation cost or full replacement cost.

1.4.2.2. ***Delivery of Uncontaminated Items***. As soon as practical after it's determined that remediation is an option, the TSP will determine, after consulting with the mold remediation firm, whether there is an uncontaminated portion of the shipment that can be separated, without cross contamination, from the mold contaminated items and separate those items accordingly. If there are uncontaminated items, the TSP will make a new inventory of either the contaminated items or the uncontaminated items, whichever is smaller. The TSP will cross reference the new inventory with the corresponding reference from the origin inventory. The TSP will deliver any uncontaminated items in accordance with the transit agreement and provide a copy of the origin inventory and the new inventory to the customer.

1.4.2.3. ***Items Suitable for Cleaning or Remediation***. Whether mold contaminated items are suitable for cleaning or remediation depends upon several factors including, but not limited to, the extent of the contamination on a particular item, the nature of the material contaminated, limiting future contamination, and the cost of remediation in relation to the value of the item. If items are still wet, measures should be taken to dry all items suitable for cleaning or remediation. Heavily contaminated porous items (e.g., carpets, rugs, mattresses, cloth or clothing, some wood and wood products, some ceramic items, and soft plastic) may not be suitable for cleaning or remediation. Less heavily contaminated porous items (e.g. clothes and textiles) may be adequately laundered, however, contamination from mold may require adding bleaching agents to remove mold stains and sanitize clothing. Adding bleaching agents might fade some fabrics and damage other fabrics and be unacceptable to the customer. Mold-contaminated items made of leather, suede, or a similar material may not be suitable for laundering or bleaching. Other professional cleaning or dry cleaning may be an option. Other non-porous household items (e.g., dishes, pots, glass items, or other metal or hard plastic items) can usually be cleaned or remediated. Advice from remediation professionals on whether to clean or discard an item may be beneficial. The TSP will arrange for the contaminated items to be divided into items that are suitable for cleaning or other remediation and those items that are not suitable for cleaning or remediation. The customer and the QA inspector should be notified with date/time prior to the process.

1.4.2.3.1. If all contaminated items are suitable for cleaning or remediation, the TSP will notify the customer that the remainder of the shipment will be delivered when it has been cleaned or otherwise remediated. The delivery will not be considered a separate shipment.

1.4.2.3.2. If none of the contaminated items are suitable for cleaning or remediation, the TSP will notify the customer that none of the remainder of the shipment is suitable for cleaning or remediation. The TSP will offer the customer an opportunity to inspect the shipment and remove items of sentimental or special value at the owner's discretion in coordination with the responsible PPSO/PPPO. Before removal of any items, the TSP may require the customer to release them from personal injury liability for exposure to mold.

1.4.2.3.3. If some of the contaminated items are suitable for cleaning or remediation and some items are not suitable, then the TSP will notify the customer of that circumstance. The TSP will arrange for the cleaning or other remediation of that portion of the contaminated shipment suitable for cleaning or remediation. The TSP will arrange for delivery of the cleaned or remediated items in coordination with the customer and responsible PPSO/PPPO. The delivery will not be considered a separate shipment.

1.4.2.3.4. The TSP will offer the customer an opportunity to inspect the part of the shipment that is unsuitable for cleaning or remediation. The customer may remove items of sentimental or special value from the unremediated portion of the contaminated items, at the owner's discretion. Before removal of any items, the TSP may require the customer to release them from personal injury liability for exposure to mold. If a TSP is found liable for the loss and has not reached their maximum liability, 25% of the replacement value of any item that is removed from the unremediated portion of the contaminated items will be deducted from the TSP's liability. If the TSP's maximum liability is exceeded and the items removed do not decrease the TSP's maximum liability, there will be no percentage of value taken off the item. The TSP is responsible for appropriately disposing of the unremediated portion of the contaminated items.

1.4.2.4. ***Delivery of remediated items***. Items that have been remediated will normally be delivered to the customer as soon as practical after remediation is complete. Before delivery, TSP's must notify the customer and destination PPSO/PPPO that the items have been remediated, are ready for delivery, and provide a reasonable opportunity to inspect the remediated items before delivery transportation begins. The notice shall also include the location for inspection, the hours for inspection, and that the opportunity to inspect shall expire after three (3) business days or when delivery transportation begins, whichever is longer.

1.4.2.4.1. Customer inspects remediated items. If the customer accepts all remediated items, the goods will be delivered as soon as practical. If the customer does not accept the remediation on any item during the inspection, that item will be separated from the accepted items. If the TSP agrees with the customer that those items are unacceptable, the TSP shall deliver the accepted items and, if appropriate, process claims on the unacceptable items for compensation at Full Replacement Value. If the TSP disagrees with the customer on any item, the TSP will contact the destination PPSO/PPPO and advise them of the conflict. In the event of a conflict, no delivery of any remediated item, accepted or not, will be made until ordered by the destination PPSO/PPPO. The PPSO/PPPO will contact the servicing MCO and the MCO will determine the acceptability of the remediated items in question. The Service MCO can be found at : http://www.move.mil/dod/claims_css/dod_claims.cfm. .

1.4.2.4.2. Customer does not inspect remediated items. Some customers may decline to inspect or decline to respond to the notification to inspect remediated items and refuse to accept delivery of those items. If customers advise the TSP before delivery transportation begins that they will not accept the delivery, the TSP will not attempt delivery until ordered by the destination PPSO/PPPO. If customers refuse delivery of remediated items after delivery of those items begins, the TSP will transport those items to a DOD approved storage facility at the TSP's discretion. In either case, the TSP will notify the destination PPSO/PPPO of the situation and await further direction. The destination PPSO/PPPO will contact the servicing MCO and the MCO will determine the acceptability of the remediated items in question. Each MCO will designate a single centralized authority for these determinations.

1.4.2.4.3. MCO acceptability determinations. The MCO will notify the customer and TSP of the acceptability determination.

1.4.2.4.3.1. Remediation Unacceptable. When the MCO determines that remediation efforts on items are unacceptable, the TSP shall dispose of the unacceptable items.

1.4.2.4.3.2. Remediation Acceptable. The MCO will notify the customer when remediation efforts on items are determined to be acceptable and advise that further refusals to accept delivery of the acceptable items may result in a denial of any claim for loss or damage to those items. If the customer elects to accept delivery, the MCO will notify the destination PPSO/PPPO and they will direct the TSP to complete delivery of the acceptable items. If the customer still refuses delivery, the MCO will electronically notify the destination PPSO/PPPO and TSP that the customer still refuses delivery and the destination PPSO/PPPO will direct the TSP to dispose of the items.

1.4.2.5. ***Accessorial Services payments for mold contamination***. Costs associated with mold remediation will normally be at the expense of the TSP, however, accessorial service payments may be authorized under limited circumstances. Accessorial services for mold mitigation will normally be authorized when the mitigating TSP is not liable for the damage. MCO's will determine liability. Other factors that may warrant accessorial service payments include, but are not necessarily limited to, the number and size of contaminated shipments, the extent of contamination, the availability of mitigation/ remediation services in the location, and the actions of the customer. Types of accessorial services that may be involved with mold mitigation/remediation include, but are not necessarily limited to SIT, preparation of new inventories, repacking, container costs, mold remediation firm services, estimate fees, drayage, TSP remediation costs, refused delivery charges, and disposal.

1.4.2.5.1. Destination PPSO/PPPO will approve accessorial service payments to TSP's for the cost of government ordered testing or inspection or other charges occasioned by such orders when no outward indicia of mold is present on the shipping container(s) and no mold is found in the container(s).

1.4.2.5.2. Code J, Code T and Code 5 mold contaminated shipments. Destination PPSO/PPPO will approve accessorial service payments to TSP's for mold remediation in all Code 5, Code J and Code T mold contaminated shipments regardless of liability, and on

shipments where the TSP has been relieved of liability, up to the TSP's maximum liability for that shipment. If the TSP is determined to be liable for the damages in a Code 5, Code J and Code T shipment, the Government will recover the payment either through voluntary refund from the TSP, offset, or through the claims process.

1.4.2.5.3. SIT before and during remediation on all other shipments. This service is normally at the expense of the TSP except for Code J, Code T, Code 5, or after a determination that the TSP is not liable.

1.4.2.5.4. Disposal after payment in lieu of remediation. Destination PPSO/PPPOs will approve accessorial service payments for TSP's disposing of mold contaminated items when the TSP has made a payment to the customer in lieu of remediation and the TSP has exceeded their maximum liability on the shipment.

1.4.2.5.5. Disposal after refused delivery. Destination PPSO/PPPOs will approve accessorial service payments to TSP's for refused delivery charges after remediation and the cost of disposal, when the customer refuses delivery if both of the following have occurred: 1) The MCO has determined that the refused delivery was unreasonable under the circumstances, and 2) the TSP has exceeded their maximum liability on the shipment.

1.5. Time Limitations on TSP Liability for Loss and Damage Claims

1.5.1. If the customer submits the claim to the TSP within nine months of delivery, the TSP, subject to the exclusions stated in Section 1.3, above, will be liable for the full, undepreciated replacement value on all lost or destroyed items, as specified in Section 1.1, above. Customers may transfer all or part of their claim to an MCO 30 days after filing the claim with the delivering TSP, provided that:

1.5.1.1. The claim has sufficient information upon which the TSP can reasonably adjudicate it. A claim is sufficient if it identifies the customer; contain facts sufficient to identify the shipment or shipments involved; asserts a demand for a specific or determinable amount; and specifies the items lost or damaged; and.

1.5.1.2. The customer has considered and responded to any offer of settlement made by the TSP, and;

1.5.1.3. The claim has not been fully satisfied or settled.

1.5.2. A claim may be transferred to an MCO before 30 days, and the TSP will remain liable for FRV if the following occur:

1.5.2.1. The customer receives notice that the TSP has made a final offer on a portion of the claim, denied a portion of the claim, or denied the claim in full. The claimant may transfer those portions of the claim denied or for which they received a final offer and are not in agreement.

1.5.2.2. The customer receives official notice from SDDC or the MCO that the TSP is in bankruptcy.

1.5.2.3. The customer receives official notice from SDDC, the MCO or a PPSO that the TSP has been placed in permanent, world-wide Non-Use status or the TSP's approval has been revoked, or contract terminated by SDDC.

1.5.2.4. The TSP fails to comply with the catastrophic loss provisions in Section 2.10, below, as verified by the MCO.

1.5.2.5. The TSP fails to comply with essential items provisions in Section 2.11, below, as verified by the MCO.

1.5.3. Claims filed within nine months of receipt of loss/damage but transferred to an MCO are still eligible for FRV.

1.5.4. The TSP will not be liable for loss or damage unless the customer either files a claim directly against the TSP within two years of the final delivery of the shipment that included the lost or damaged items, or files a timely claim against the United States and submits it to a MCO under the Military Personnel and Civilian Employees Claims Act (PCA).

1.5.4.1. For the purposes of either the 9 month time limit for filing against the TSP or the two-year limit for filing against the TSP or the United States, if a claim accrues during war or an armed conflict in which an armed force of the United States is involved, or has accrued within 2 years before war or an armed conflict begins, and for cause shown, the claim must be presented within 2 years after the cause no longer exists or after the war or armed conflict ends, whichever is earlier. An armed conflict begins and ends as stated in a concurrent resolution of Congress or a decision of the President. An extension granted by this provision may be longer at the discretion of the TSP. If the TSP anticipates denying an extension, they must contact the MCO for a decision on whether the 9 month or two year limit should be extended under this provision. Timeliness will be determined by the MCO based on the service's claims regulations and instructions.

1.5.5. If the customer files a claim with an MCO, the TSP will not be liable to the government on a recovery claim if the government does not dispatch a written demand to the TSP within four years of delivery. This four-year period will be extended by any period granted as per Section 1.5.4.1 above. If the government does dispatch a written demand to the TSP within four years of delivery, the government will have the normal six years specified in Title 28, United States Code, Section 2415, to resolve the claim or take administrative remedies.

1.5.6. If a customer files a claim directly with the TSP and then receives written or electronic notice from the TSP that all or part of the claim has been denied, then the customer may either file suit against the TSP within two years of receipt of the notice or may transfer the claim to the appropriate MCO. If a recovery claim is not filed by an MCO against the TSP within four years of delivery, including extended periods as per Section 1.5.4 above, or the customer's suit is not instituted within two years of receipt of the written notice, then the TSP shall not be liable for any part of the claim that was denied in the notice.

1.6. Liability for Goods in Storage

1.6.1. The TSP's responsibility for a shipment and its liability under the bill of lading or service order for a shipment in NTS or SIT shall terminate, and the warehouse shall become the final destination of the shipment, on midnight of the day specified in the notice which the storage TSP receives through DPS from the PPSO advising that the government nature of the shipment will terminate. The notice of termination is not retroactive. This notice of termination can be rescinded not later than one business day prior to the effective date of the termination.

1.6.2. The government will pay the TSP for all NTS or SIT costs, up to and including the day of termination. Once termination, in accordance with Section 1.6.1, above, has occurred, the government may not revive the TSP's liability under the original bill of lading or service order, or reinstate the original bill of lading or service order. If after termination, the government wishes to continue the government's payment for continued storage, the government must enter into a new contract with the warehouse and/or issue a purchase order or new bill of lading for delivery and additional services needed after the termination notice.

1.6.3. In the event that NTS or SIT converts to the customer's expense, the TSP is required to provide a copy of the Joint Inspection Form, (i.e., rider to the inventory or exception sheet) if a joint inspection occurred and it is requested by the MCO.

1.6.4. **Goods booked into storage before 1 March 2008.** Contracts for Non-Temporary Storage (NTS) of goods negotiated after 1 March 2008 must include liability provision for full replacement value (FRV). Goods stored under NTS contracts negotiated before 1 March 2008 may contain liability provision limiting TSP liability to depreciated value for losses or damage. Renegotiation of depreciated value contracts after 1 March 2008 must provide for FRV liability. Any such renegotiated contract will cause the NTS TSP to be liable for FRV for any damage suffered by the goods while in storage with that NTS TSP. If the NTS TSP can demonstrate through clear and convincing evidence that the damage occurred prior to the renegotiation of the rates to FRV rates, then the NTS TSP will only be liable for the damage in accordance with the contract or TOS in effect immediately prior to the renegotiation of the rates.

1.7. High Value Items and High Risk Inventories

1.7.1. High value/high risk items may include but is not limited to currency, coins, jewelry, silverware and silver service sets, crystal, figurines, furs, objects of art, computer software programs, manuscripts, comic books, baseball cards, stamps, and other collectable items or rare documents that have a value in excess of $100 per pound. For purposes of determining the TSP's liability, all such items shall be deemed to weigh at least one pound. A collection of compact disks (CDs) and digital video disks (DVDs) will not be considered high value/high risk items. However, individual CDs or DVDs with a value in excess of $50 will be considered a high value item.

1.7.2. The TSP's liability for high value items shall be limited to $100 per pound of the article, if the customer fails to inform the TSP that such items are included in the shipment after the TSP asks the customer, in writing, to list items in the above categories that will be included in the shipment.

In order to account for such items, and in order to facilitate special handling of such items, the TSP may use a separate high-risk/high-value inventory. Items such as CDs, video tapes and DVDs that do not qualify as high value items for purposes of this provision limiting liability may be included on a high-risk/high-value inventory.

1.7.3. A high risk/high value inventory form, even if it is signed by the customer upon delivery and fails to note shortages at delivery, will normally be treated as other inventories for purposes of determining whether there was loss or damage in transit. The 'Notification of Loss/Damage AFTER Delivery' form, that gives the TSP notice of later discovered loss or damage would overcome the presumption of correct delivery, even of high value items listed on a special inventory, unless all of the following conditions are met:

1.7.3.1. If the high risk/high value inventory form has a block to denote delivery, the customer must initial each block for each item. A check mark or an "x" is not sufficient.

1.7.3.2. The high risk/high value inventory form must contain a warning, in bold font larger than other fonts on the form, that if the customer notes on this inventory that an item was delivered, he or she may never claim that the item was missing with either the TSP or with an MCO.

1.7.3.3. The delivering TSP must attest in writing that, just prior to departure from the residence, the TSP and the customer opened all containers in which the high risk/high value items were packed; that they removed the items from the containers; that they physically inspected each item; and that the TSP advised the customer of the consequences of signing the high risk/high value inventory form.

1.8. Transfer of Custody of Shipments

When custody of a shipment is transferred from one TSP to another, the delivering TSP will furnish the receiving TSP two legible duplicate copies of the shipment inventory. The receiving TSP will have the option, at no cost to the government, to conduct a joint inspection of every item and/or carton on the inventory, including cartons or items in a crate regardless of whether the crate is damaged or the seals are intact. This is the only way for the receiving TSP to assure that it has accounted for all items on the inventory and to assure there are no overages. If, at the time each item is checked, there is a difference in the condition of the items from what is listed on the shipment inventory, the receiving TSP will prepare an exception sheet noting the condition of the containers or to specific cartons within the containers, or other specific items in the shipment and use a rider noting thereon any shortage/overage, or differing conditions, cross-referenced to the original shipment inventory. If no new loss or damage is discovered, an exception sheet will be prepared stating, "No differences noted," signed and dated by the receiving TSP and the delivering TSP's driver. In the event the opinion of the delivering TSP's driver and the receiving TSP differ, both opinions will be listed on the rider and separately identified. Both the delivering and receiving TSP will sign and date the exception sheet/rider, each retaining a legible copy for their files. In the event a claim is filed, each TSP receiving the goods from another TSP will furnish legible copies of the exception sheet/rider to the customer or MCO, upon request.

2.0. Claims

Claimants must ordinarily file their claims in DPS. Claims Management in DPS enables the customer to work directly with the TSP to obtain settlement for any loss, destruction, or damage to their belongings while the goods were in the possession of the TSP. DPS will manage all required correspondence and provide online access to all necessary claims processes. For claims not filed in DPS refer to Paragraph 2.2.

2.1. Claims Filing

2.1.1. Customers whose property is lost, destroyed or damaged in transit and who wish to file against the TSP must file their claims within two years of delivery of the shipment that gave rise to the claim. For the purpose of the two year limit for filing claims, either directly against the TSP in DPS or against the United States through a MCO, if a claim accrues during war or an armed conflict in which an armed force of the United States is involved, or has accrued within 2 years before war or an armed conflict begins, and for cause shown, the claim must be presented within 2 years after the cause no longer exists or after the war or armed conflict ends, whichever is earlier. An armed conflict begins and ends as stated in a concurrent resolution of Congress or a decision of the President. An extension granted by this provision may be longer at the discretion of the TSP. If the TSP anticipates denying an extension, they must contact the MCO for a decision on whether the 9 month or two year limit should be extended under this provision. This extension provision will apply to the 9 month filing requirement to qualify for FRV. Timeliness based upon extensions under this provision will be determined by the MCO based on the service's claims regulations and instructions.

2.1.2. If the customer submits the claim in DPS against the TSP within nine months of delivery, the TSP, subject to the exclusions stated in Section 1.3, above, will be liable for the full, undepreciated replacement value on all lost or destroyed items, as specified in Section 1.1, above. If a claim has not been completely settled by the delivering TSP within 30 days after submission of information necessary to settle the claim, customers may transfer all or part of their claim to a MCO in accordance with Paragraph 1.5. Claims filed within nine months of delivery but transferred to an MCO are still eligible for FRV.

2.1.2.1. A claim may be transferred to a MCO before 30 days after submitting information necessary to settle the claim, and TSP will remain liable for FRV if the provisions of paragraph 1.5.2. are met.

2.1.3. When a customer transfers a claim to the MCO, the MCO must contact the TSP to determine if the TSP has already obtained estimates, and request copies of claims negotiation or settlement documents relevant to the MCO claim. The TSP shall transmit any requested documents relevant to the MCO claim to the requesting MCO within 2 business days, by fax or electronic mail. If the TSP has not already obtained estimates, the MCO may give the TSP until the next business day to decide if it will inspect and obtain estimates on those items requiring estimates, and make arrangements with the customer and repair firms for the estimates. If the TSP decides to inspect and obtain estimates, it will have until the 7th business day after it is contacted to obtain them unless the

customer agrees to give it more time. If the TSP is unable to obtain estimates within 7 business days of being contacted and the customer does not agree to give TSP more time to do so, then the MCO will proceed to adjudicate and settle the claim.

2.1.4. The MCO may assert a demand against the TSP for the TSP's liability as established under Sections 1.1 and 1.2, above. The TSP will not be liable on such a recovery claim for payment on items for which the TSP has already paid the customer, if the correspondence between the TSP and the customer lists the item as one on which payment is being made and clearly indicates that the prior payment was in full and final satisfaction of either the entire claim, or was in full and final satisfaction of the claim for the particular item.

2.1.5. For purposes of qualifying for FRV and for meeting the two-year time limits for filing claims directly with the TSP, a claim submitted directly by the customer to the TSP must be submitted, subject to the exclusions stated in Section 2.2, below, within the relevant time period (nine months or two years). The claim must identify the customer; contain facts sufficient to identify the shipment or shipments involved; must assert a demand for a specific or determinable amount of money; and must specify the items lost or damaged.

2.1.6. The nine month limit for obtaining FRV and the two year limit for filing the claim are met for all TSPs handlers of the goods in a shipment, if the claim is filed with the delivering TSP within the nine month or two year time limit. This provision also applies if goods have been in the custody of one or more TSPs that are not acting as agents of the delivering TSP (e.g., Code 3 shipments, delivery out of NTS by other than the warehouse, or DPM shipments). If the delivering TSP believes that some of the loss or damage occurred while the goods were in the custody of a prior TSP, then the delivering TSP must notify the claimant that they are settling for the items for which they are legally liable and denying the other items because another TSP is liable for the damage to or loss of the remaining items. Regardless of the language on any settlement letter or check, if a TSP asserts that another TSP is liable for loss or damage, such assertion may be challenged by presentation of evidence to the contrary by either the customer or the MCO, with the TSP making the denial having full rights of rebuttal and/or appeal if setoff occurs.

2.2. Exceptions to Filing in DPS

2.2.1. Exceptions to the requirement that a customer file claims in DPS against the TSP will be granted on a case by case basis, in writing, by the MCO. Government assistance will be available to overcome most issues with regard to the automated claims process in DPS. In cases where an exception has been granted, TSP's are responsible for accepting, processing, and paying non-DPS claims consistent with these business rules. Approved non-DPS claims, submitted within the appropriate time limits, shall receive applicable FRV. Examples of situation that may warrant an exception under this provision include, but are not limited to:

2.2.1.1. Customer has no access to a computer or the internet.

2.2.1.2. The claim is made on behalf a deceased customer (Bluebark shipment).

2.2.1.3. Customer has language barriers or communication disabilities.

2.2.2. Filing a claim with the delivering TSP will satisfy the requirement for all TSPs and warehouses in the chain of custody of the claimed item that a claim must be filed directly with a TSP to maintain the entitlement the customer has to settlement on the basis of FRV.

2.2.3. When claims are not submitted through DPS , the customer will use the DD Form 1844, List of Property and Claims Analysis Chart, or electronic facsimile thereof, when submitting a claim to the delivering TSP or MCO

2.2.4. Except for rules that specifically apply to claims filed in DPS or processed in DPS, these rules shall apply to claims not filed in DPS.

2.3. Substantiation of Claims

2.3.1. Introduction. In addition to the requirements to meet timely filing, claims must include information for the TSP to begin the settlement process. On all claims, this information will include notices of damages or loss that were found after the day of delivery and not previously provided to TSP; sufficient information about the shipment to enable the TSP to locate its copy of the bill of lading or service order; an inventory number for the damaged or lost item if that item has an inventory number associated with it; a description of each item that is lost; and a list of each item that is damaged stating the nature, location, and extent of the damage, and a determinable amount. The description of items lost or damaged must also list the approximate date of purchase of each item, or for items that were not purchased (e.g., gifts or bequests), the approximate date the customer acquired the item, the age of items that were not acquired when new.

2.3.1.2. For claims filed directly with the TSP, the TSP is responsible for obtaining repair estimates or replacement cost estimates required to settle the claim. The TSP may request the assistance of the closest MCO to obtain the name of reputable repair firms. If the TSP is still unable to obtain a repair or replacement estimate on an item, it may ask the customer to obtain the estimates, provided that the TSP agrees to pay all estimate fees and drayage costs that are incurred, even if the final settlement does not include payment for that item. If the customer is unable or unwilling to get the estimate(s), the TSP must adjudicate the claim without them based on other evidence in the file. The customer must cooperate with reasonable requests from the TSP in making items available for repair or for repair estimates. If the customer does not cooperate, the TSP should seek assistance from the closest MCO of that customer's military service. If the customer still does not cooperate, the TSP may delay settlement on those items that need estimates until the customer makes the items available. If the MCO finds that the delay was for good cause, it may request that SDDC adjust the claims settlement timeline within DPS to ensure the TSP is not penalized for the delay. The good cause for delay is not limited to a lack of customer cooperation in making items available for repair or estimates, but may also include inadequate information to identify items and other circumstances to be determined by the MCO.

2.3.1.3. For claims that are not filed within nine months of delivery, but are correctly filed per Section 2.1 above, the TSP may require the customer to provide repair or replacement estimates on any item(s) for which the amount claimed exceeds $100.

2.3.2. Internal Damage Rule

If the claim includes repair of internal damage to appliances or electronic items, and there is no new external damage noted to the item, the claim must be supported by additional substantiation regardless of the amount claimed. For these items, the customer must submit both a written statement, (which may include other relevant evidence (e.g., video tape of the functioning item)) explaining how they know the item was working when tendered to the TSP, along with an estimate of repair that includes both an explanation of the damage and a statement by the repair technician as to their opinion of the cause of the damage. For claims filed directly with the TSP, the same information will be required to establish that the loss or damage occurred in transit. However, on those claims that are filed directly with the TSP within nine months of delivery, the TSP will attempt to obtain the repair estimate, including the repair technician's opinion as to the source of damage, and will have the right to request assistance from the customer as stated in Section 2.3.1.2., above.

2.3.3. Notice of Loss and Damage

2.3.3.1. When unloading or unpacking articles at destination, the delivery TSP will, in coordination with the customer, check the inventory prepared at origin and inspect each article for loss or damage. The delivering TSP will, along with the customer, record loss and damage on a 'Notification of Loss/Damage AT Delivery' form. The 'Notification of Loss/Damage AT Delivery' form will indicate differences in count and condition from that shown on the inventory prepared at origin and will be jointly signed by the delivering TSP and the customer. The TSP will provide a toll-free number and email address that the customer can use to contact the TSP or mail a claim. For split shipments or partial deliveries, a separate 'Notification of Loss/Damage AT Delivery' form will be completed whenever property is delivered to the customer.

2.3.3.2. Loss or transit damage discovered after delivery shall be listed on the 'Notification of Loss/Damage AFTER Delivery' form, unless the damage or loss is entered into DPS per Section 2.13 below. In either case, the delivering TSP shall accept this form or entry as overcoming the presumption of correctness of the delivery receipt, if it is transmitted or postmarked within 75 calendar days of delivery. Notice shall not be required if a claim is filed with the delivering TSP within 75 calendar days of delivery. Neither the 'Notification of Loss/Damage AT Delivery' nor the 'Notification of Loss/Damage AFTER Delivery' forms are conclusive; both can be rebutted by other evidence. Timely submission of the 'Notice of Loss/Damage AFTER Delivery' form to the delivering TSP shall be considered timely notice to all TSPs in the chain of custody of the items listed on the form.

2.3.3.2.1. The TSP shall update DPS that delivery has been completed within 3 business days after said delivery. If the TSP updates DPS within 3 business days after delivery, the 75 day notice period shall start on the day after delivery. If the TSP fails to update DPS within 3 business days after delivery, the 75 day notice period will begin the day after the TSP updates DPS that delivery has been completed

2.3.3.3. If notice of loss or damage of household goods is postmarked or transmitted to the delivering TSP more than 75 calendar days after delivery, or the notice of loss and damaged items is not submitted to the TSP in DPS within 75 days of delivery, the loss or damage on that notice will be presumed not to have occurred while the goods were in the possession of the delivering TSP unless there is good cause for the delay, as determined by the appropriate MCO. Good cause may include, but is not limited to, officially recognized absence or hospitalization of the customer during all or a portion of the period of 75 calendar days from the date of delivery. In case of recognized official absence, the appropriate MCO will provide the delivering TSP with the proof of the officially recognized absence, and the additional days granted shall not exceed the period of official absence. If a member requests an extension of the 75 day notice period, the TSP will contact the appropriate MCO before denying any part of the claim for lack of timely notice.

2.3.3.4. The delivering TSP's failure to provide the forms for the 'Notification of Loss/Damage AT Delivery' and 'Notification of Loss/Damage AFTER Delivery' to the customer and to have proof thereof will eliminate the requirement for notification to the delivering TSP and all TSPs that handled the goods in the shipment. Notice using the 'Notification of Loss/Damage AT Delivery' and the 'Notification of Loss/Damage AFTER Delivery' forms are not required by the delivering TSP in the case of major incidents, requiring the delivering TSP to notify the Military Surface Deployment and Distribution Command and appropriate Personal Property Shipping Office (PPSO) of the incident. Such incidents include fire, pilferage, vandalism, and similar incidents that produce significant loss, damage, or delay.

2.3.3.5. Valid evidence that the MCO or the delivering TSP shall consider, along with timely notification, in determining whether or not a customer has sustained loss and/or damage in the shipment include, but are not necessarily limited to, the inventory prepared at origin and the delivery receipt.

2.3.4. Inspection by the Transportation Service Provider

2.3.4.1. The TSP may inspect the damaged items at any time prior to settlement of the claim after coordinating with the customer on a convenient time. However, the TSP may not deny a claim solely on the basis that it was unable to inspect any item. If the customer has repaired an item before the TSP's inspection, the customer must provide the repair bill or some other evidence of the damage and repair cost to the TSP. If the customer has disposed of a damaged item, the customer must give the TSP evidence that the item was damaged beyond economical repair or was a potential health hazard to the claimant or the claimant's family.

2.3.4.2. If a customer calls the TSP before a claim is settled and asks the TSP to inspect or give permission to dispose of items, the TSP will, within two business days after being contacted, notify the customer that either the items will be inspected or that the customer may dispose of the items. In such cases, if the TSP gives notice that it will inspect the items, it will do so within 45 days of being contacted by the customer unless the customer grants a further extension.

2.3.4.3. If the customer refuses to permit the TSP to inspect or is non-responsive to the request to arrange an inspection after reasonable effort by the TSP or its repair/inspection firm, the TSP must contact the appropriate MCO and request assistance in arranging an inspection of the

goods. If the customer causes a delay by refusing inspection, the TSP shall be provided with an equal number of days to perform the inspection, for example, 45 days plus delay days caused by a customer.

2.3.5. Repair Estimates

2.3.5.1. The TSP will be responsible for paying for repair estimates required to process claims that are filed with the TSP by the customer. TSP's must provide the customer copies of any estimate used to support an offer of settlement, if requested by the customer. Redactions of proprietary information are permissible before providing estimate copies. In accordance with service regulations, the MCO will be responsible for paying repair estimates required to process and substantiate claims that are filed with the MCO by the customer. As noted previously, if a claim is presented to the MCO or transferred to the MCO by the customer, the MCO must, prior to settlement, contact the TSP to obtain estimates and any copies of claims negotiation or settlement documents related to the claim. The TSP must provide those documents within 2 business days. The TSP is responsible for paying all estimates and associated fees presented by a MCO as a result of claims that were transferred to the MCO by the customer pursuant to Section 2.1, above, unless:

2.3.5.1.1. The TSP previously provided a reasonable estimate; or

2.3.5.1.2. The TSP previously offered to pay the customer a value that matches or exceeds the repair cost for all items on the estimate; or

2.3.5.1.3. The item damaged is repairable and the TSP offered to repair it at no cost to the member; or

2.3.5.1.4. The TSP previously offered to pay the replacement cost or to replace the damaged item in kind.

2.3.5.2. All estimates provided by the TSP must identify a repair firm that is willing and able to make the repair within a reasonable time for the amount stated. The repair firm must be reputable and provide timely and satisfactory performance. All such estimates must be itemized.

2.3.5.3. If an MCO receives an itemized repair estimate from the TSP before a claim is settled, then the MCO will use that estimate provided that it is the lowest overall, and meets the criteria described in Section 2.3.5.2, above. If the TSP's estimate is the lowest overall estimate and is not used, the MCO will advise the TSP in writing of the reason the lowest overall estimate was not used in determining the TSP's liability.

2.3.5.4. If the TSP sends the appropriate MCO a lower repair estimate after the recovery demand on the TSP has been dispatched to the TSP's home office, it will be considered in the TSP's recovery rebuttal or appeal process if lower than the estimate used by the MCO and if it establishes that the estimate submitted by the customer was unreasonable in comparison with the market price in the area or that the price was unreasonable in relation to the value of the goods prior to being damaged.

2.3.5.5. If a TSP has made an inspection/estimate based upon the 'Notice of Damage AFTER Delivery' form and the customer subsequently updates the notice within the 75-day time-limit, the TSP is authorized to make an additional inspection/estimate. The TSP will contact the MCO to determine if it will authorize a deduction of $75.00 or actual inspection cost, if less, from the TSP's liability for performing the second inspection/estimate.

2.3.5.6. Repairs must be made to the reasonable satisfaction of the customer. The TSP must initiate repair by a qualified repair firm within 30 days of settlement and the TSP must provide the name of the repair firm that will be doing the work, if requested by either the MCO or the customer.

2.4. Settlement of Loss and Damage Claims

2.4.1. On loss and damage claims, the TSP shall pay, deny, or make an offer within 60 days of receipt of a complete, substantiated claim. These rules authorize settlement for repair of damaged items that are capable of being repaired and replacement of items that are damaged beyond economical repair or lost. Customers are not required to accept any other settlement options.

2.4.2. The TSP will issue payment to the customer or initiate repair of items within 30 days of receipt of notice that the customer has accepted a full or partial settlement. Failure to issue payment within 30 days of notice of acceptance of settlement may constitute reason for convening a TSP Review Board and action may be taken against the TSP up to and including disqualification from the DOD Personal Property Program.

2.4.3. In those cases where more than one TSP may be responsible for the loss, an earlier TSP that receives a claim from the delivery TSP shall have 60-days for payment, denial or a final written offer, beginning on the date of receipt of the claim from the delivery TSP. The claimant may transfer a claim to an MCO after 30 days of filing their original claim regardless of whether the claim is transferred to an earlier TSP.

2.4.4. A claim for an item is settled in DPS when:

2.4.4.1. The customer accepts a final offer of settlement, the TSP issues a payment, and the value of the payment has been finally transferred to the customer or funds electronically deposited in the customer's bank account; or

2.4.4.2. The customer transfers the claim for that item to the MCO.

2.4.5. A claim for an item is settled outside of DPS when:

2.4.5.1. The TSP has made a final offer of settlement in writing that lists the amounts being offered for specific items; and

2.4.5.2. The customer accepts a final offer of settlement on the specifically listed items in writing, the TSP issues payment, and the value of the payment has been finally transferred to the customer; or

2.4.5.3. The customer declines a final offer of settlement of specific items in writing.

2.4.6. A claim for an item is also settled when the TSP denies the claim for that item in DPS, or in writing for claims filed outside of DPS.

2.4.6.1. Denial of a claim by the TSP does not necessarily extinguish TSP liability. Customers may file claims for items denied by the TSP with the MCO.

2.4.7. Electronic mail is considered a form of writing under these rules.

2.5. Partial Settlements.

Customers may find final offers of settlement acceptable on some items and unacceptable on other items. Customers may take payment on the acceptable parts of the final offer and may decline the unacceptable parts of the offer of settlement. The TSP must issue payment to customers on the portions of any final offer that the customer accepts. The TSP shall not be liable for any further claim for loss or damage on any item for which the TSP has settled the claim in accordance with paragraph 2.4.

2.5.1. The TSP is required to make an initial written offer or denial to the customer/claimant for each separate item claimed as lost or damaged. The TSP is not permitted to condition its offer for any item on the claimant's acceptance of its offer or denial on any other item or items. The claimant may accept the offer for some of the items, and reject the offer or denial for other items and transfer the claim for those items to the MCO. This is a partial settlement. The customer does not have to transfer denied items to the MCO, in order for a claim to be considered settled.

2.5.2. After receipt of the initial written offer from the TSP, the claimant may initiate negotiation in order to attempt to increase the amount offered for some or all items, or to change the form of the offer (e.g., to substitute a cash payment for an offer to repair). During negotiation the claimant or the TSP may propose that the amount offered for some items be increased in exchange for the claimant's acceptance of the offer or denial on other items. The claimant or the TSP may also propose a settlement in which a lump sum is paid to settle the entire claim, without a separate amount offered for each separate item. The TSP shall reduce to writing any agreement reached based upon these negotiations and each party shall sign the agreement. The agreement shall clearly state in **BOLD FACE** type that entering into the agreement may preclude the claimant from any payment on a claim against the MCO for any or all items covered by the agreement. The TSP shall provide a copy to the customer. The claimant may at any time cease negotiation and accept or reject the initial offer or denial for each separate item, and transfer the claim for the remaining items to the MCO.

2.5.3. If and only if the claimant and the TSP have settled every separate item in the claim, or the Claimant and the TSP have entered into a lump sum settlement, may the claimant and the TSP enter into a full and final settlement agreement. If the claimant has not previously accepted the TSP's offer or denial for every separate item, or accepted a lump sum settlement, the TSP may not submit for the claimant's signature on any document (to include a settlement check)purporting to be a full

and final settlement of the entire claim. Neither the claimant nor the Government will be bound by such a purported agreement.

2.6. Quick Claim Settlement

TSPs may establish a quick claim settlement procedure to quickly resolve and pay claims for minor loss or damage discovered at the time of delivery that would preclude the requirement for a claimant to file a claim for those items in DPS. Such procedures may cover payment for an aggregate amount not to exceed $500, with full payment made within 5 calendar days of delivery. The process of settling and paying such claims will be left to the discretion of each TSP. However, a small claim settlement agreement can contain only a limited release of liability and must specifically list the items and the damage for which payment is being made. Customers must be advised that they may still file claims for loss or damage discovered after delivery. A copy of the settlement agreement must be made available to the appropriate MCO on request. If the customer receives a quick claim settlement and then files an additional claim, the customer may not file an additional claim for items that he settled through the quick claim process.

2.7. Salvage

2.7.1. To the extent not prohibited by law or agreement, the TSP is entitled to take possession of and sell for salvage a damaged item on which the TSP has agreed to pay either the depreciated or full (i.e., undepreciated) replacement cost, or replaced the damaged item with a new item, including sets under paragraph 1.1.2.2. If the customer wishes to retain an item for which the TSP has agreed to pay replacement cost or replace the damaged item with a new item, he may make a counter offer to accept a lesser amount of money from the TSP in exchange for the TSP waiving salvage rights. The TSP is not required to accept such counteroffers. There is no fixed amount or percentage by which the TSP's liability will be reduced if it agrees to waive salvage. This provision is distinguished from, not applicable to, the situation referenced in Paragraph 2.7.7, in which the item or items in question were disposed of before settlement.

2.7.2. If the TSP pays a customer the depreciated or the full (i.e., undepreciated) replacement cost of a lost item, and the lost item is subsequently located, the TSP must notify the MCO and the customer for instructions. The customer may then decide either to request or decline delivery of the item(s). If the customer elects to receive a found item, the customer must refund the amount paid on that item through the claims process. If the customer declines delivery of the item, the TSP may retain the item(s) for salvage.

2.7.3. If the TSP locates an item within 60 days of receipt of notice of the loss, and a claim on that item has not yet been paid, then the customer will be obligated to accept delivery of the item in lieu of a claim, even if the customer has already replaced the item. In addition, if the TSP locates a lost item more than 60 days after receipt of notice of the loss, but the item has not been replaced, and a claim on the item has not been paid, then the customer will be obligated to accept delivery of the item in lieu of a claim. If a lost item is later discovered with damage, the time limits for qualifying for FRV protection and for on-line filing claims on that item will not commence until the delivery of that item. Notwithstanding the above, essential item(s), as described in Section 2.11, below, that

a reasonable person would and has replaced promptly may be declined by the customer before the 60 day period has run. This provision applies only when:

a. The item has been missing for at least seven (7) days from the date of delivery and the TSP has been notified pursuant to Section 2.11, below;

b. The item is necessary for daily life, such that it must be replaced within 2 business days of notice to TSP; and

c. The item has in fact been replaced.

2.7.4. The TSP must take possession of salvage items, at the customer's residence, or other location acceptable to the customer, not later than 30 days after receipt of a complete claim from either the customer or the MCO. However, in no case will the 30-day period for the TSP to take possession end until after the period allowed for the TSP's inspections. The 30-day pickup period can be extended by an agreement between the TSP and the customer in writing. If the customer refuses to cooperate with the TSP in the exercise of salvage rights, the TSP should contact the appropriate MCO closest to the customer and request assistance, and the 30-day deadline shall be extended for that period that the customer refused to cooperate.
2.7.5. The TSP will not exercise its salvage rights if the depreciated replacement value of all salvageable items totals less than $100.00, or, in the case of a single salvageable item, the item has a value of less than $50. If a shipment has more than one salvageable item, one of which has a value of $50.00 or more, yet the total of all salvageable items is $100.00 or less, then the TSP may exercise its salvage rights.

2.7.6. The TSP will not exercise its salvage rights on items that are hazardous or dangerous to the health or safety of the customer or the customer's family. Such items include, but are not limited to, broken mirrors or glass, spoiled food, moldy mattresses or other fabric items. For potential salvage, the customer will retain antiques, figurines, and crystal with a single item value of $50 or more.

2.7.7. If the TSP is unable to exercise its salvage rights due to the disposal of an item by the customer, the TSP may reduce its liability by 25% on that item, if it has a depreciated replacement value of $50.00 or more. The TSP is not entitled to a deduction for salvage on a single item with a depreciated replacement value of less than $50.00, unless the total combined depreciated replacement value of all items that have been disposed of is $100.00 or more.

2.8. Claims for $25 or Less

In an effort to reduce administrative costs, the Military Services agree that they will not pursue a claim against a TSP for loss or damage to household goods that were transported under this document, if the amount of the claim is for $25 or less. The TSPs agree that they will not request reimbursement for such claims from the Military Services for an amount of $25 or less. However, this provision does not apply to claims submitted directly to the TSP by a customer.

2.9. Dispute Resolution

2.9.1. If a customer does not accept a settlement offered by the TSP, the customer may transfer a claim as specified in Section 2.1.2, above, to the appropriate MCO. If the customer transfers a claim to the military, the MCO will resolve the customer's claim in accordance with its Service's claims regulations and procedures. The MCO will then assert a recovery claim against the TSP under these business rules. The TSP must pay, deny or make an offer on the recovery claim within 60 days of receipt of the claim, unless an extension is granted by the MCO.

2.9.2. If the TSP and the MCO cannot reach a mutual settlement on the recovery claim, the military may collect the amount of its recovery claim by administrative offset from money that is owed to the TSP for transportation services, or from other payment due the TSP directly from the government. If payments to the TSP are made by a third party payment system, the TSP agrees that the appropriate MCO may direct the party paying the TSP to divert all or part of any payment to the appropriate military finance center in order to accomplish offset to pay a government claim from a prior shipment.

2.9.3. If the TSP following such an offset, continues to dispute the amount of its liability, then it may file an administrative appeal under the provisions of Title 31, United States Code, Section 3702, to the Defense Office of Hearing and Appeals (DOHA) or it may file suit in the appropriate federal court.

2.9.4. In some cases more than one TSP may have had custody of the goods. The claim will be filed with the delivering TSP, and the delivering TSP who first receives the claim may deny all or part of the claims on the basis that a prior TSP is liable for part of the loss. The delivery TSP must forward it to a prior TSP in the chain of custody and notify the customer of the transfer. In those cases, if the prior TSP disputes the liability and alleges the delivery TSP was liable, the customer does not have to continue to deal with the TSPs but may transfer the claim to the appropriate MCO for resolution of the claim without giving prior notice to the delivering TSP. The customer always has the right to transfer a claim to an MCO after 30 days have passed since filing the initial claim against the delivery TSP.

2.10. Catastrophic Loss Payments

2.10.1. TSP is required to contact the MCO, when catastrophic losses occur. The TSP is responsible for identifying and making partial, advance payments to customers who have suffered a catastrophic loss. These payments are designed to relieve a customer's hardship associated with the loss of all or a majority of their household goods. The payments are an advance and should not exceed the TSP's expected total liability, per Section 1.0 Liability. The customer will still be required to file a claim for their loss. Any advance payment made will be deducted from the customer's eventual award. Such payments are subject to the same maximum liability and rules as all payments under these business rules. If a payment is made by a TSP and the TSP is subsequently found to not be liable for the loss/damage, the TSP may seek reimbursement of the paid amount through the MCO and/or the customer's Service HQ.

2.10.2. Catastrophic loss occurs when over 60% of the inventory line items in a given shipment are lost, damaged or destroyed. However, TSPs are free to declare catastrophic losses and make a partial payment at their discretion if the 60% threshold has not been met. If a TSP cannot contact

the customer within 48 hours, they will make payment or come to an agreement on payment within 48 hours of making contact. To the extent possible, catastrophic losses and payments will be recorded in DPS. The declaration of a loss as catastrophic and the making of a partial payment is not an admission of liability regarding any particular piece of property. Further, a customer's request for, or a TSP's identification of, such loss does not constitute a claim.

2.10.3. TSPs are expected to make advance payments of no less than 5% of their total maximum liability for the shipment as soon as possible after a catastrophic loss occurs. Payments must be made within 48 hours of the TSP discovering or being notified of a catastrophic loss, unless the customer and TSP otherwise come to an agreement. TSPs are free to make an advance payment in any amount they believe will not exceed their total expected liability to the customer.

2.10.4. In the event that a TSP identifies or is informed of a catastrophic loss for which it believes it is not liable under Section 1.3, Exclusions from Liability, above, the TSP shall inform the customer's MCO within 24 hours. In such cases, the MCO shall handle the advance payment and claim. If it is later determined that the TSP was, in fact, liable for the loss, the MCO will assert a recovery claim against the TSP. The TSP shall be liable as if the customer had filed a claim with the TSP within nine months of their loss.

2.11. Essential Items

2.11.1. The TSP is responsible for promptly dealing with customers who have had essential items lost, destroyed or made unusable due to damage. Customers are responsible for notifying the TSP, MCO, or PPSO of such a loss within 7 days of the date their goods were delivered. Any item not identified in this way by the customer shall not be considered "essential."

2.11.2. Upon notification of the loss of an essential item by either the customer, MCO, PPSO, or SDDC, the TSP shall either pay for such items, provide temporary or permanent replacements for them, repair them or such other arrangement as agreed to by the customer. Such action must be taken within two (2) business days of notification, regardless of whether a claim has been filed. Payments made by the TSP pursuant to this paragraph shall be considered an advance and should not exceed the TSP's expected total liability. Customers will still be required to file a claim for their loss. Any advance payment made will be deducted from the customer's eventual award. Such payments are subject to the same maximum liability and rules as apply to all payments.

2.11.3. If a TSP declines to provide or pay for an essential item or fails to respond to notification within the two (2) business day period, the customer may file a claim for said item(s) directly with the MCO. In such cases, the customer shall retain his or her right to FRV for those essential items for which notice was provided to the TSP. The customer is expected to file the remainder of their claim consistent with the provisions of these business rules.

2.11.4. In the event that a TSP identifies or is informed of the loss or damage of an essential item for which it believes it is not liable under Section 1.3, above, the TSP shall inform the customer's MCO within 24 hours. In such cases, the MCO shall handle the advance payment and claims. If it is later determined that the TSP was, in fact, liable for the loss, the MCO will assert a recovery

claim against the TSP. The TSP liability will be as if the customer had filed a claim with the TSP within nine months of their loss.

2.11.5. Essential items are only those items necessary for everyday living, which would reasonably need to be replaced promptly. Items used solely for entertainment purposes are not considered essential. Fungible items that are regularly used up or worn out and must be routinely replaced are not considered essential. Essential items include, but are not limited to:

2.11.5.1. Refrigerators or other appliances necessary for the safe storage and preparation of food;

2.11.5.2. Necessary medical equipment; and

2.11.5.3. Mattresses.

2.12. Claims Processing in DPS

2.12.1. After the customer enters information about lost and/or damaged items into the DPS Claims Management module, the TSP will have an opportunity to either deny the claim in its entirety or to agree to the customer demand in its entirety. Otherwise, the TSP must respond with proposed dollar amount settlements on an item-by-item basis. The amounts will reflect costs to repair or replace items as appropriate. DPS will include a notes field associated with each line item. for the TSP to explain to the customer the rationale of their counter-offer or denial. Until such time as DPS is modified to include a notes field, the TSP shall use other reasonable communication methods (e.g., email, memoranda) to explain its rationale for its counter-offer.

2.12.2. For each item claimed, the TSP may make an offer or deny any settlement. If an offer is made on an item, the customer may either accept or dispute the amount offered. The customer may provide a counter offer for each item's settlement amount that they dispute; which the TSP can in turn, accept, refuse or counter offer. DPS allows an indefinite number of offers and demands to be exchanged between customers and TSPs. If the customer is unable to reach a mutual agreement on an amount to be reimbursed on one or more items, the customer can transfer the disputed item(s) to their MCO for settlement per the conditions as set forth in Section 2.1.2, above.

2.13. Filing Notice of Loss/Damage.

2.13.1. The first step in initiating a claim under the FRV guidelines of The Defense Personal Property Program is filing Loss/Damage Reports. The first loss/damage report, Notice of Loss/Damage AT DELIVERY, is made at the time of delivery for loss or damage discovered at that time. Prior to TSP leaving, customer must sign form and give to the TSP. The Notice of Loss/Damage AFTER DELIVERY is for damage discovered during unpacking after the delivery is complete.

2.13.2. For filing the Notices in DPS, the customer should enter all the information from their copy of the 'Notice of Loss/Damage AT Delivery' form provided by the TSP as soon as possible.

Timely entry of this information ensures that everyone that may need to become involved in settling a claim has visibility to all available information. The customer must enter the information of any loss/damage AFTER delivery into DPS within 75 days after delivery per the requirements as set forth in Section 2.3.3, above.

2.13.2.1. The TSP shall update DPS that delivery has been completed within 3 business days after said delivery. If the TSP updates DPS within 3 business days after delivery, the 75 day notice period shall start on the day after delivery. If the TSP fails to update DPS within 3 business days after delivery, the 75 day notice period will begin the day after the TSP updates DPS that delivery has been completed.

2.13.3. If DPS is not used to file the Notice of Loss/Damage AFTER DELIVERY, customers must complete the form and dispatch it to the TSP within 75 days, per the requirements of Section 2.3.3, above.

2.13.4. Although customers may file multiple claims for the same shipment, they will be counseled to unpack and examine all of their goods before they submit a claim.

2.14. Checking Status of Loss/Damage Claim

The customer can monitor the status of their claims through DPS. Every claim and item within a claim will always have a status while in the system. The status reflects what actions have been taken and who must complete the next pending action. Claims and associated items will have one of the statuses shown in Table 2-1. Any time a change of status occurs on a claim item, the user will receive the appropriate notification from DPS.

Table 2-1: Claims Management Status Claims Management Status			
Claim		Item	
Status	Owner	Status	Owner
In Progress	Customer	Demand Pending	TSP
Submitted	TSP	Offer Pending	Customer
Under Review	Customer and TSP	Denied	Customer
Updated	Customer and TSP	MCO Adjudication	MCO
Denied	Customer	Settled	

The customer has the capability to provide information and/or responses for claims and items pending “Customer” action as indicated in Table 2-1. A claim is settled and closed in DPS when all items are settled.

2.15. TSP Denied Loss/Damage Claim

If the TSP denies the customer's overall claim, the customer can either accept the denial or transfer it to their MCO immediately on receipt of the notice of denial, per Section 2.1.2, above.

2.16. Responding to a TSP Proposed Settlement

2.16.1. One of the primary objectives of The Defense Personal Property Program is to simplify and streamline the handling of personal property claims by enabling customers to negotiate settlements directly with TSPs whenever possible. This saves time, paperwork and costs for everyone involved. DPS allows the customer to individually negotiate and settle items while their claims are under review by facilitating the necessary correspondence between them and the TSP.

2.16.2. If after checking the status of one or more items included in the customer's claim(s) under review as described in Table 2-1, the customer sees "Offer Pending" or "Denied," a response is pending from the customer. For an offer pending, the customer may respond by accepting the TSP's offer or by submitting a counter offer. If the TSP denies a claimed item (the item shows a "Denied" status), the customer may transfer that item to their MCO in accordance with the procedures in Section 2.1.2 above.

2.16.3. If the customer is unable to reach a mutually agreeable settlement for one or more of their items lost or damaged, they are also entitled to transfer those claimed items to their MCO after at least 30 days has lapsed from the date the claim was filed, unless one of the events listed in Section 2.1.1, above, occurs sooner. The customer can transfer specific items they choose using DPS. The customer must comply with their Services' regulations for filing claims.

2.17. Unearned Transportation

2.17.1. Unearned transportation is defined as payment for transportation of items, the value of which was not delivered. For items that are destroyed, lost or missing at delivery, TSP's shall not be responsible for unearned transportation costs if the full replacement value of all lost or missing items has been paid to the owner or customer.

2.17.2. Otherwise, DPS will capture those items that were denoted as lost or missing in the claims module. DPS will calculate the aggregate weight of the lost or missing items according to the Joint Table of Weights. Based on the calculated weight and the TSP's filed rates, DPS will calculate the value of the unearned transportation.

2.17.2. Each Service will be able to view the value of unearned transportation for each shipment by SCAC code. The Services can request a refund for that unearned transportation through DPS. The TSP would then submit a refund invoice to PowerTrack. PowerTrack will then transmit the refund to DPS for Service processing. If a TSP did not initiate the new invoice within 30 days of the Service request, then the Service may collect the money through administrative offset.

2.18. Shared Liability on International Shipments

2.18.1. On some international shipments, the Government requires the TSP to use Air Mobility Command aircraft or a vessel operating under a Voluntary Intermodal Shipping Agreement to transport the shipment for part of the journey. Liability shall be shared in these situations.

2.18.2. TSPs are relieved of liability for loss or damage on these shipments when the TSP can reasonably establish that the loss or damage occurred while the shipment was in the custody and control of the Government or Government-directed source of transportation. If a TSP receives a claim directly from the owner, and all of the loss occurred while the goods were in the custody of the Government or Government-directed source of transportation, the TSP will deny liability and advise the owner to file a claim with the appropriate MCO. If only part of the loss or damage occurred while the shipment was in the custody of the Government or Government-directed source of transportation, the TSP will settle those portions of the claim for which it is liable and refer the owner to the MCO for the payment on the rest of the claim.

2.18.3. Where it is evident that the loss or damage occurred while the property was in the possession of the TSP, the TSP will be responsible to the full extent of its normal liability.

2.18.4. If the time and place of the loss or damage to this type of shipment cannot be clearly established, and if the owner submits a claim directly to the TSP, the TSP will pay the owner the full amount of the loss, not to exceed twice the TSP's maximum liability on the shipment. The TSP will then forward a request for payment of 50% of the settlement to the MCO designated by each military service, supported by a copy of the completed claim. The MCO will pay 50% of the settlement to the TSP within 30 days of receipt of the request, provided the claimant/owner was a proper claimant under the Military Personnel and Civilian Employees Claims Act, and the claim was timely filed. Notwithstanding any agreement for the Services to pay 50% of the total liability, an MCO shall not pay more than it is authorized to pay under the Military Personnel and Civilian Employees Claims Act or other statutory authorization for the entire claim, even if the authorization is less than 50% of the full replacement value of the claimed items.

2.18.5. If the time and place of the loss or damage to this type of shipment cannot be clearly established, and the owner files a timely claim directly with a MCO, the military will pay the owner. The MCO will then assert a recovery claim against the TSP for only 50% of the adjudicated value, not to exceed the TSP's maximum liability. The government will accept this compromise settlement of its recovery claim, if the TSP accepts and agrees to pay that amount within 60 days of receipt of the demand. In the event the TSP does not accept the MCO's adjudication of a claim in this category or does not accept and agree to pay within 60 days, then normal negotiating procedures will apply and the 50% compromise agreement will not be acceptable.

3.0. Claims Management with Multiple TSPs

NTS and DPM shipments may involve more than one TSP handling a single shipment. This situation results in shared liability between the two or more TSPs. DPS will be developed to facilitate claims processing and settlement among more than one TSP. The customer's claim filing process will not be impacted by this enhanced DPS functionality.

3.1. Documenting Loss/Damage and Filing Claim

The customer will follow the previously discussed procedures to document loss/damage and file their claim in DPS. The DPS Claims Management module will have the same appearance and functionality as the Loss/Damage module. However, DPS will recognize if the claim is against a shipment that was handled by more than one TSP.

3.2. Shared Liability Settlement Process

3.2.1. Regardless of the number of TSPs that handle a shipment, DPS will route the customer's entire claim to the delivering TSP. The delivering TSP will determine the specific claim line items for which they are responsible. The delivering TSP can accept or deny responsibility for a line item in DPS and will use riders that were completed during shipment to determine responsibility. The delivery TSP will scan the riders into DPS and attach those documents to the claim. If no rider exists to establish responsibility, the line item becomes the responsibility of the delivering TSP.

3.2.2. If a delivering TSP determines it is not responsible for a line item, the delivering TSP will mark the line as such in DPS. DPS will forward the marked line item to the appropriate TSP.

3.2.3. The line items the delivering TSP does not claim will appear in the work queue for the appropriate, earlier TSP. The earlier TSP will have the opportunity to accept or deny responsibility for the claim line items. Once responsibility has been accepted by a TSP, it can only be changed by the MCO. TSPs can only establish responsibility for themselves and cannot assign responsibility to other parties.

3.2.4. If responsibility for a line item is rejected by an earlier TSP, the delivering TSP will have another opportunity to establish responsibility. Negotiations of responsibility between the delivering TSP and an earlier TSP may happen outside of DPS, but must be settled within the specific period of time for settling the claim detailed in Section 2 above. There are no extensions or exceptions to this rule.

3.2.5. When responsibility for a line item is denied by all TSPs, the MCO will be alerted via DPS that those items have been transferred to the MCO, and the MCO will establish the responsibility for a line item. The MCO will pay the customer and then determine whether the recovery claim should be asserted against the delivering TSP or another TSP. The transfer will reflect in the claims metrics of the delivering TSP. When DPS calculates the claims metrics, these line items will be factored into the claim score of the responsible party only.

3.2.6. In any case, a customer may transfer a claimed item to an MCO as soon as the delivering TSP denies payment for that claimed item and attempts to shift liability to an earlier TSP. The MCO will then settle the claim per its procedures, identify the appropriate TSP for liability, and assert a recovery demand against that TSP for FRV.

3.3. Split Line Item Settlement Process

There may be situations where responsibility for a single line item on a claim is shared by multiple TSPs. DPS will have the ability to split responsibility among the TSPs. This split will be a

percentage of the total dollar value of the damage for that line item. Either the TSP or the MCO will be able to assign a percentage. TSPs can only enter a percentage for the line items for which they are responsible. A TSP cannot assign a percentage to another TSP.

3.4. Acceptance of Claim

3.4.1. Once in receipt of the settlement offer, the customer may accept or reject the offer by line item or in its entirety. The rejected offer may or may not include a counter-offer from the customer. TSPs may counter the customer's counter offer or accept it. This back and forth process gives the customer and the TSP flexibility in working toward a resolution. TSPs have the option of stating that their offer is final in such case, the customer's rejection will not include a counter-offer, and the customer can immediately transfer the claim to the appropriate MCO. If an offer is designated as "final offer" by the TSP within 30 days of filing, the customer may forward the claim to the respective MCO for resolution.

3.4.2. Once a final settlement is reached, DPS will provide an "acknowledgement" screen identifying the TSPs responsible for payment and their payment amount(s) for each line item. The screen will also provide TSP contact information if the customer does not receive settlement payment within 30 days of the settlement date. The customer will have the capability to print this screen. DPS will also provide the customer the address of the appropriate Regional Storage Management Office (RSMO) to contact in the event they do not receive their payment in a timely manner from an NTS warehouse.