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**United States Transportation Command  
(USTRANSCOM)**

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**Defense Personal Property Program Claims and  
Liability Business Rules**

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65 **1. Introduction**

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

70 **1.1. Liability**

71 1.1.1. The Full Replacement Value Act (US Code Title 10 §2636a) of 2003, allows the Secretary of  
72 Defense to include a clause for full replacement value (FRV) in rates filed and contracts with  
73 Transportation Service Providers (TSP). The Defense Reauthorization Act for FY2007 amended The  
74 Full Replacement Value Act and required the government to contract for FRV protection with all TSPs  
75 no later than 1 March 2008. This authorization also allows the government to deduct the value of  
76 outstanding claims of a TSP based on FRV from the amount due to a TSP if the TSP fails to settle that  
77 outstanding claim. All TSPs should include the cost of FRV coverage in the rates filed in DPS.

78 1.1.2. The delivering TSP is liable to the customer, to the customer's agent, or to the military service  
79 that contracted for the shipment, for loss or damage that occurs to the customer's personal property  
80 while it is in the custody of the TSP. Liability on all shipments will be determined in accordance with  
81 the Carmack Amendment to the Interstate Commerce Act, (Title 49, United States Code, Section  
82 14706) unless a specific provision herein establishes a different rule or procedure.

83 1.1.3. If the claim is filed directly with the TSP within nine months of delivery, then the TSP is liable  
84 for FRV. For shipments scheduled for pickup on or after 15 May 2019, the TSP's liability will be the  
85 greater of:

86 1.1.3.1. **\$7,500** per shipment, or

87 1.1.3.2. \$6.00 times either the net weight of the HHG shipment or the gross weight of the UB shipment,  
88 in pounds, not to exceed \$75,000.

89 1.1.4. If the claim is filed directly with the TSP more than nine months after delivery, then the TSP is  
90 liable for depreciated value, up to a maximum of \$1.25 times the net weight of the shipment in pounds.

91 1.1.5. Payments by the TSP to a customer for inconvenience claims will not be deducted from the TSP's  
92 maximum liability for loss or damage, but are a separate liability (Refer to DTR, Part IV, Appendix B).

93 **1.2. FRV Liability**

94 1.2.1. When the customer files a claim against the TSP, within nine months of delivery, the TSP is liable  
95 for the repair or FRV cost of a damaged item, whichever is less, and for the FRV cost of lost, or  
96 destroyed items, unless one or more of the exclusions listed in Section 1.3, below, applies.

97 **1.2.2.** On these claims, the TSP's liability is as follows:

98 For items that are damaged but not destroyed, the TSP will, at **the customer's** option, either repair the items  
99 to the extent necessary to restore them to their original working condition when received by the TSP, or pay  
100 the customer for the cost of such repairs. The TSP is obligated to replace or pay FRV for items that are  
101 damaged beyond repair and/or cannot be repaired to original working condition or usefulness.

102 1.2.2.1. For most items that are destroyed (i.e., the repair cost exceeds replacement cost) or lost, the  
103 TSP will, at its option, either replace the lost or destroyed item with a new item, or pay the  
104 undepreciated fair market replacement cost of a new item. New items should, to the greatest extent  
105 possible, be from the same manufacturer and should be the same make and model as the item that was

106 lost or destroyed. If the TSP cannot find a new item that is the same as the item that was lost or  
107 destroyed, it may replace the item with one of comparable qualities and features. However, for lost or  
108 destroyed items that are parts of sets, such as a silver service, furniture, crystal glasses or china, the  
109 TSP may replace the lost item with a like item that matches the rest of the set. If the TSP is unable to  
110 match the item to the set, then the TSP is obligated to replace the entire set with a set of comparable  
111 qualities and features. Likewise, some items, such as collectable figures (e.g., Hummel and Lladro),  
112 collectable plates, collectable dolls, baseball cards, antiques, comic books, coin and stamp collections,  
113 and objects of art, cannot be properly replaced with new items because their value is based, in part, on  
114 the fact that they are no longer made and are no longer available for purchase as new items. For this  
115 type of item, the TSP may replace the lost or destroyed item with the same or comparable item or pay  
116 the replacement cost of the item. The list of items in this provision is not exclusive. The appropriate  
117 Military Claims Office (MCO) may designate items for consideration under this provision. The TSP  
118 shall consult with the MCO for a determination on items that may be considered under this provision.

119 1.2.2.2. When FRV applies to a shipment that includes one or more motor vehicles (automobiles,  
120 motorcycles, mopeds, or motor scooters), the TSP's maximum liability for the vehicles shall be the value  
121 stated in the current issue of the N.A.D.A.'s Official Used Car Guide (the "Guide") for such vehicle(s),  
122 adjusted for mileage and other factors considered in the Guide. However, if either the customer or the  
123 TSP has obtained a pre-damage appraisal of the vehicle from a qualified appraiser, settlement will be  
124 based on the appraised value rather than the book value.

125 1.2.2.3. For boats, personal watercraft, ultra-light aircraft, pianos, organs, firearms, objects of art, all-  
126 terrain vehicles, and snowmobiles, the TSP may replace the item with a comparable used item or pay  
127 the fair market value replacement cost. These items have an established and widespread secondary  
128 market and are not typically considered standard household items. As such, the list of items in this  
129 provision is not exclusive. MCO's may designate similar items for consideration under this provision.  
130 TSP's shall consult with MCO's for a determination on items that may be considered under this  
131 provision.

132 1.2.2.4. The customer may reject a payment, repair, or item offered by the TSP to settle a claim. If a  
133 customer files a claim, against the TSP within nine months of delivery, but fails to settle the claim  
134 directly with the TSPs involved in the shipment, the customer may transfer the claim to the MCO as  
135 provided in Section 2.1.2., the MCO may pay the customer pursuant to statutory and regulatory  
136 guidance and will seek to recover the FRV from the TSP. In cases where all or part of the claim has  
137 been transferred to the MCO, the TSP shall not have the option to repair or replace items in kind, but  
138 must pay to the MCO the repair cost or full replacement cost of a new item, whichever is less. If the  
139 TSP can show that they offered the customer a replacement item of comparable or better quality than  
140 the item lost, the TSP's liability for that item will be limited to their replacement cost at the time  
141 offered (including tax or drayage).

142 1.2.3. Normally, all claims must be filed in DPS. Claims filed with a MCO under the provisions of  
143 Section 2.2, below, will be forwarded to the TSP within nine months of delivery and within 30 days of  
144 receipt by the MCO if the claimant wants to settle the claim for FRV. If the TSP receives such a claim  
145 that has been forwarded by the MCO within nine months of delivery, the TSP will be liable for  
146 settlement under FRV guidelines. If the TSP receives such a claim from the MCO more than nine  
147 months after delivery, but it is postmarked or electronically transmitted within nine months of the  
148 delivery date, then the TSP will treat the claim as if it had been filed directly with the TSP within nine  
149 months and the TSP will be liable for settlement under FRV guidelines.

150 1.2.4. Replacement cost, whether depreciated or undepreciated, is based on the replacement cost at  
151 destination and includes shipping charges and sales tax. However, the TSP is not required to pay  
152 shipping charges and/or sales tax in excess of \$10 on a claim until it receives proof that the charges  
153 and taxes were actually paid.

### 154 **1.3 Actual Value (Depreciated) Liability**

155 1.3.1. If the customer files a claim directly with the TSP or MCO more than nine months after delivery  
156 but within 2 years after delivery, the TSP is liable for the depreciated value of the items only up to a  
157 maximum of \$1.25 times the net weight of the shipment in pounds. Liability will be as follows:

158 1.3.1.1. For items that are damaged but not destroyed, the TSP will, at its option, either repair the  
159 items to the extent necessary to restore them to their condition when received by the TSP, or pay the  
160 customer for the cost of such repairs, up to the depreciated value of the items.

161 1.3.1.2. For items that are destroyed (i.e., the repair cost exceeds the depreciated value) or lost, the TSP  
162 will pay the depreciated value for the item. However, if the customer is willing to accept a replacement  
163 item instead of cash payment, the TSP may settle all or part of a claim by delivering a replacement  
164 item(s) of like kind, quality and condition to the customer.

165 1.3.2. When the customer files a claim directly with an MCO, and chooses not to file with the TSP for  
166 settlement, the military will adjudicate the claim pursuant to statutory and regulatory guidance. The  
167 MCO may then assert a recovery claim against the TSP **to include labor costs of adjudicating the claim.**  
168 The TSP, on this type of a recovery claim, will be liable to the MCO for the depreciated replacement  
169 cost or repair cost, whichever is less. If the customer files a claim directly with an MCO, the TSP will  
170 not be liable for more than the depreciated replacement cost, not to exceed \$1.25 times the net weight of  
171 the shipment, in pounds.

172 1.3.3. Claims settled for the depreciated replacement cost of an item, the MCO and TSP will use the  
173 Joint Military Industry Depreciation Guide for those items that are listed in the guide. The MCO and  
174 TSP will use the current replacement cost of the item as the base to apply the depreciation factor to  
175 arrive at the current actual value of the item. If an item cannot be replaced, or no suitable replacement  
176 is obtainable, the proper measure of damages for items that depreciate shall be the original cost,  
177 adjusted upward to reflect the increase in the consumer price index (CPI) since the date of purchase,  
178 and then adjusted downward to reflect the depreciation rate in the Joint Military Industry Depreciation  
179 Guide.

180 1.3.4. Replacement cost is based on the replacement cost at destination and includes shipping charges  
181 and sales tax. However, the TSP is not required to pay shipping charges and/or sales tax in excess of \$10  
182 on a claim until it receives proof that the charges and taxes were actually paid.

### 183 **1.4. Exclusions from Liability**

184 1.4.1. The TSP shall be liable for damaged, lost, or destroyed property that occurs while being  
185 transported or held in Non Temporary Storage EXCEPT loss or damage caused by or resulting from  
186 the following:

187 1.4.1.1. From an act or omission of the customer;

188 1.4.1.2. From defect or inherent vice of the article;

189 1.4.1.3. From hostile or warlike action in time of peace or war including action in hindering,  
190 combating or defending against an actual, impending or expected attack; from weapons of war  
191 employing atomic fission or radioactive force whether in peace or war; or from insurrection, rebellion,

192 revolution, civil war, usurped power or action taken by governmental authority in hindering,  
193 combating or defending against such occurrence;

194 1.4.1.4. From seizure or destruction under quarantine or customs regulations; confiscation by order  
195 of any government or public authority; or risks of contraband or illegal transportation or trade;

196 1.4.1.5. From delay caused by strikes, lockouts, labor disturbances, riots, civil commotions, or the acts  
197 of a person or persons taking part in any such occurrence or disorder;

198 1.4.1.6. From Acts of God (also known as Acts of Nature);

199 1.4.1.7. From pre-existing infestations by mollusks, arachnids, crustaceans, parasites or other  
200 types of pests; and for fumigation or decontamination when not the fault of the TSP; or

201 1.4.1.8. From loss or damage that occurs prior to release to a TSP while the goods are in the  
202 possession of another TSP under an unrelated shipment of the goods. When a shipment is released  
203 from another TSP's control, the TSP that receives the goods for storage shall not be liable for an item  
204 claimed as missing which should have been listed as a separate item on the inventory, but which was  
205 not listed on the inventory that was prepared by the original TSP. However, the delivery TSP will be  
206 liable for items packed in cartons, if the carton is listed on the inventory, unless the delivery TSP can  
207 produce evidence to shift liability back to a prior handler and the item claimed bears a reasonable  
208 relationship to the contents of the carton listed on the inventory.

209 1.4.2. The TSP shall not be liable for intangible property, securities, nor for the sentimental value of an  
210 item nor shall the TSP be liable for pre-existing damage.

211 1.4.3. The exclusions listed above will not apply if the TSP's own negligence significantly  
212 contributed to the loss. However, if the TSP, after giving written or electronic notice to the  
213 appropriate government transportation office, or electronic or written notice to the customer, of a  
214 potential risk of loss or damage to the shipment from the above causes, is instructed by the  
215 government or the customer electronically or in writing to proceed with such transportation and/or  
216 delivery, notwithstanding such risk, the TSP shall not be liable for the loss attributed to the risk.

## 217 **1.5. Duty to Mitigate Loss**

218 1.5.1. If loss or damage occurs to a shipment from one of the excluded causes listed in Exclusions  
219 from Liability, the TSP may still be liable for additional damage that results from its failure to take  
220 reasonable steps to mitigate the extent of the loss. For example, if a shipment is damaged by water,  
221 the TSP, as soon as practical, should attempt to clean and dry the items, rather than allow further  
222 damage (e.g., rust, warping, or mildew), to develop from prolonged exposure to dampness. In some  
223 cases, the responsible PPSO/PPPO may direct the TSP to undertake specific mitigation work, or  
224 may authorize payment for mitigation work, subject to later determination of whether the  
225 government or the TSP will be liable for the cost. The cost of any such mitigation efforts not paid  
226 for by the government will be deducted from the TSP's maximum liability.

227 1.5.2. **Mold.** Shipments that develop mold in transit present special problems. When containers  
228 show signs of contamination, for example water saturation or mold growth on the exterior, the TSP  
229 will contact the responsible PPSO/PPPO by phone and via written notification (email preferred with  
230 Delivery and Read Receipt as proof of notification). The TSP will continue shipping operations to a  
231 location as determined by the TSP and responsible PPSO/PPPO. The responsible PPSO/PPPO will  
232 make arrangements for a Quality Assurance (QA) Inspector to be present at the selected location  
233 within two (2) business days to be present when the seals are broken and the containers inspected for  
234 mold. If the PPSO/PPPO is unable to provide a QA inspector, contact USTRANSCOM at

235 [transcom.scott.tcj5j4.mbx.pp-perf@mail.mil](mailto:transcom.scott.tcj5j4.mbx.pp-perf@mail.mil). If there is no evidence of mold, the containers will be  
236 resealed, notations made on the inventory by the QA inspector and/or the TSP, and shipment will  
237 continue in-transit to destination. When mold is discovered, the TSP will notify the customer, the  
238 servicing MCO, and the inspecting PPSO/PPPO, and update the destination PPSO/PPPO with  
239 findings. The TSP in possession at the time the mold is discovered is responsible for mitigation.  
240 Mitigation costs will be assessed under Paragraph 1.4.2.5. of this section.

241 1.5.2.1. **Payment in lieu of remediation.** Prior to undertaking any remediation work, the TSP shall  
242 procure the services of a qualified mold remediation firm and obtain an itemized written estimate,  
243 unless otherwise directed by the MCO or responsible PPSO/PPPO. The mold remediation firm shall  
244 make a preliminary assessment of the mold damage. The TSP will provide a copy of the estimate to  
245 all parties (e.g., destination PPSO/PPPO, MCO, and customer). After consultation with the TSP,  
246 mold remediation firm, responsible PPSO/PPPO, and customer, the MCO shall determine whether  
247 circumstances warrant disposal of the contaminated items without attempting remediation when a  
248 customer has brought forward a medical issue or refused to accept shipment even if remediated. If  
249 the MCO determine that remediation is appropriate, there may be circumstances where customers  
250 will still refuse delivery. For example, a customer may choose to dispose of the property rather than  
251 accept the shipment because of a family member's "documented" medical condition. When the  
252 MCO determines that remediation is appropriate and reasonable under the circumstances, the TSP  
253 will only be liable for the lesser of the remediation cost or full replacement cost. MCO determination  
254 of disposition is final.

255 1.5.2.2. **Delivery of Uncontaminated Items.** As soon as practical after it's determined that  
256 remediation is an option, the TSP will determine, after consulting with the mold remediation firm,  
257 whether there is an uncontaminated portion of the shipment that can be separated, without cross  
258 contamination, from the mold contaminated items and separate those items accordingly. If there are  
259 uncontaminated items, the TSP will make a new inventory of either the contaminated items or the  
260 uncontaminated items, whichever is smaller. The TSP will cross reference the new inventory with the  
261 corresponding reference from the origin inventory. The TSP will deliver any uncontaminated items in  
262 accordance with the transit agreement and provide a copy of the origin inventory and the new  
263 inventory to the customer.

264 1.5.2.3. **Items Suitable for Cleaning or Remediation.** Whether mold contaminated items are  
265 suitable for cleaning or remediation depends upon several factors including, but not limited to, the  
266 extent of the contamination on a particular item, the nature of the material contaminated, limiting  
267 future contamination, and the cost of remediation in relation to the value of the item. If items are still  
268 wet, measures should be taken to dry all items suitable for cleaning or remediation. Heavily  
269 contaminated porous items (e.g., carpets, rugs, mattresses, cloth or clothing, some wood and wood  
270 products, some ceramic items, and soft plastic) may not be suitable for cleaning or remediation. Less  
271 heavily contaminated porous items (e.g. clothes and textiles) may be adequately laundered, however,  
272 contamination from mold may require adding bleaching agents to remove mold stains and sanitize  
273 clothing. Adding bleaching agents might fade some fabrics and damage other fabrics and be  
274 unacceptable to the customer. Mold-contaminated items made of leather, suede, or a similar material  
275 may not be suitable for laundering or bleaching. Other professional cleaning or dry cleaning may be  
276 an option. Other non-porous household items (e.g., dishes, pots, glass items, or other metal or hard  
277 plastic items) can usually be cleaned or remediated. Advice from remediation professionals on  
278 whether to clean or discard an item may be beneficial. The TSP is responsible to ensure the  
279 remediation company obtained by them is provided the mold remediation steps in accordance with  
280 the Business Rules. The TSP will arrange for the contaminated items to be divided into items that are

281 suitable for cleaning or other remediation and those items that are not suitable for cleaning or  
282 remediation. The TSP will provide pictures and an inventory of each category, salvageable & non-  
283 salvageable to the customer, PPSO, and MCO if requested. The customer and the QA inspector  
284 should be notified with date/time prior to the process.

285 1.5.2.3.1. If all contaminated items are suitable for cleaning or remediation, the TSP will notify the  
286 customer that the remainder of the shipment will be delivered when it has been cleaned or otherwise  
287 remediated. The delivery will not be considered a separate shipment.

288 1.5.2.3.2. If none of the contaminated items are suitable for cleaning or remediation, the TSP will  
289 notify the customer that none of the remainder of the shipment is suitable for cleaning or remediation.  
290 The TSP will offer the customer an opportunity to inspect the shipment and remove items of  
291 sentimental or special value at the owner's discretion in coordination with the responsible  
292 PPSO/PPPO. Before removal of any items, the TSP may require the customer to release them from  
293 personal injury liability for exposure to mold.

294 1.5.2.3.3. If some of the contaminated items are suitable for cleaning or remediation and some items  
295 are not suitable, then the TSP will notify the customer of that circumstance. The TSP will arrange  
296 for the cleaning or other remediation of that portion of the contaminated shipment suitable for  
297 cleaning or remediation. The TSP will arrange for delivery of the cleaned or remediated items in  
298 coordination with the customer and responsible PPSO/PPPO. The delivery will not be considered a  
299 separate shipment.

300 1.5.2.3.4. The TSP will offer the customer an opportunity to inspect the part of the shipment that is  
301 unsuitable for cleaning or remediation. The customer may remove items of sentimental or special  
302 value from the unremediated portion of the contaminated items, at the owner's discretion. Before  
303 removal of any items, the TSP may require the customer to release them from personal injury liability  
304 for exposure to mold. If a TSP is found liable for the loss and has not reached their maximum liability,  
305 25% of the replacement value of any item that is removed from the unremediated portion of the  
306 contaminated items will be deducted from the TSP's liability. If the TSP's maximum liability is  
307 exceeded and the items removed do not decrease the TSP's maximum liability, there will be no  
308 percentage of value taken off the item. The TSP is responsible for appropriately disposing of the  
309 unremediated portion of the contaminated items.

310 1.5.2.4. ***Delivery of remediated items.*** Items that have been remediated will normally be delivered  
311 to the customer as soon as practical after remediation is complete. Before delivery, TSP's must  
312 notify the customer and destination PPSO/PPPO that the items have been remediated, are ready for  
313 delivery, and provide a reasonable opportunity to inspect the remediated items before delivery  
314 transportation begins. The notice shall also include the location for inspection, the hours for  
315 inspection, and that the opportunity to inspect shall expire after three (3) business days or when  
316 delivery transportation begins, whichever is longer.

317 1.5.2.4.1. **Customer inspects remediated items:** If the customer accepts all remediated items, the  
318 goods will be delivered as soon as practical. If the customer does not accept the remediation on any  
319 item during the inspection, that item will be separated from the accepted items. If the TSP agrees with  
320 the customer that those items are unacceptable, the TSP shall deliver the accepted items and, if  
321 appropriate, process claims on the unacceptable items for compensation at Full Replacement Value. If  
322 the TSP disagrees with the customer on any item, the TSP will contact the destination PPSO/PPPO and  
323 advise them of the conflict. In the event of a conflict, no delivery of any remediated item, accepted or  
324 not, will be made until ordered by the destination PPSO/PPPO. The PPSO/PPPO will contact the  
325 servicing MCO. The Service MCO can be found at: <https://www.move.mil/customer-service#claims>.

326 1.5.2.4.2 Customer does not inspect remediated items: Some customers may decline to inspect or  
327 decline to respond to the notification to inspect remediated items and refuse to accept delivery of  
328 those items. If customers advise the TSP before delivery transportation begins that they will not  
329 accept the delivery, the TSP will not attempt delivery until ordered by the destination PPSO/PPPO. If  
330 customers refuse delivery of remediated items after delivery of those items begins, the TSP will  
331 transport those items to a DOD approved storage facility at the TSP's discretion. In either case, the  
332 TSP will notify the destination PPSO/PPPO of the situation and await further direction. The  
333 destination PPSO/PPPO will contact the servicing MCO and the MCO will determine the  
334 acceptability of the remediated items in question. Each MCO will designate a single centralized  
335 authority for these determinations. The MCO will notify the customer and TSP of the acceptability  
336 determination.

337 1.5.2.4.3.1. Remediation Unacceptable: When the MCO determines that remediation efforts on  
338 items are unacceptable, the TSP shall dispose of the unacceptable items.

339 1.5.2.4.3.2. Remediation Acceptable: The MCO will notify the customer when remediation efforts  
340 on items are determined to be acceptable and advise that further refusals to accept delivery of the  
341 acceptable items may result in a denial of any claim for loss or damage to those items. If the  
342 customer elects to accept delivery, the MCO will notify the destination PPSO/PPPO and they will  
343 direct the TSP to complete delivery of the acceptable items. If the customer still refuses delivery, the  
344 MCO will electronically notify the destination PPSO/PPPO and TSP that the customer still refuses  
345 delivery and the destination PPSO/PPPO will direct the TSP to dispose of the items.

346 1.5.2.5. *Accessorial Services payments for mold contamination*: Accessorial services for mold  
347 remediation will normally be at the expense of the TSP, however, accessorial service payments may  
348 be authorized under limited circumstances when the MCO determines the mitigating TSP is not liable  
349 for the damage. Accessorial services for mold mitigation will normally be authorized when the  
350 mitigating TSP is not liable for the damage. MCO's will determine liability. Other factors that may  
351 warrant accessorial service payments include, but are not necessarily limited to, the number and size  
352 of contaminated shipments, the extent of contamination, the availability of mitigation/ remediation  
353 services in the location, and the actions of the customer. Types of accessorial services that may be  
354 involved with mold mitigation/remediation include, but are not necessarily limited to Storage in  
355 Transit (SIT), preparation of new inventories, repacking, container costs, mold remediation firm  
356 services, estimate fees, drayage, TSP remediation costs, **mold assessment testing**, refused delivery  
357 charges, and disposal.

358 1.5.2.5.1. Destination PPSO/PPPO will approve accessorial service payments to TSP's for the cost  
359 of government ordered testing or inspection or other charges occasioned by such orders when no  
360 outward indicia of mold is present on the shipping container(s) and no mold is found in the  
361 container(s).

362 1.5.2.5.2. Code J, Code T and Code 5 mold contaminated shipments. Destination PPSO/PPPO will  
363 approve accessorial service payments to TSP's for mold remediation in all Code 5, Code J and Code  
364 T mold contaminated shipments regardless of liability, and on shipments where the TSP has been  
365 relieved of liability, up to the TSP's maximum liability for that shipment. If the TSP is determined to  
366 be liable for the damages in a Code 5, Code J and Code T shipment, the Government will recover the  
367 payment either through voluntary refund from the TSP, offset, or through the claims process.

368 1.5.2.5.3. SIT before and during remediation on all other shipments. This service is normally at  
369 the expense of the TSP except for Code J, Code T, Code 5, or after a determination that the TSP is  
370 not liable.

371 1.5.2.5.4. Disposal after payment in lieu of remediation. Destination PPSO/PPPOs will approve  
372 accessorial service payments for TSP's disposing of mold contaminated items when the TSP has made  
373 a payment to the customer in lieu of remediation and the TSP has exceeded their maximum liability on  
374 the shipment.

375 1.5.2.5.5. Disposal after refused delivery. Destination PPSO/PPPOs will approve accessorial service  
376 payments to TSP's for refused delivery charges after remediation and the cost of disposal, when the  
377 customer refuses delivery if both of the following have occurred: 1) The MCO has determined that the  
378 refused delivery was unreasonable under the circumstances, and 2) The TSP has exceeded their  
379 maximum liability on the shipment.

## 380 **1.6. Time Limitations on TSP Liability for Loss and Damage Claims**

381 1.6.1. If the customer submits the claim to the TSP within nine months of delivery, the TSP, subject to  
382 the exclusions stated in Section 1.3, above, will be liable for the full, undepreciated replacement value  
383 on all lost or destroyed items, as specified in Section 1.1, above. Customers may transfer all or part of  
384 their claim to an MCO 30 days after filing the claim with the delivering TSP, provided that:

385 1.6.1.1. The claim has sufficient information upon which the TSP can reasonably adjudicate it. A  
386 claim is sufficient if it identifies the customer; contain facts sufficient to identify the shipment or  
387 shipments involved; asserts a demand for a specific or determinable amount; and specifies the items  
388 lost or damaged; and.

389 1.6.1.2. The customer has considered and responded to any offer of settlement made by the TSP, and;

390 1.6.1.3. The claim has not been fully satisfied or settled.

391 1.6.2. A claim may be transferred to an MCO before 30 days, and the TSP will remain liable for  
392 FRV if the following occur:

393 1.6.2.1. The customer receives notice that the TSP has made a final offer on a portion of the claim,  
394 denied a portion of the claim, or denied the claim in full. The claimant may transfer those portions of  
395 the claim denied or for which they received a final offer and are not in agreement.

396 1.6.2.2. The customer receives official notice from USTRANSCOM or the MCO that the TSP is  
397 in bankruptcy.

398 1.6.2.3. The customer receives official notice from USTRANSCOM, the MCO or a PPSO that  
399 the TSP has been in a Non-Use status or the TSP's approval has been revoked, disqualified, or  
400 contract terminated by USTRANSCOM.

401 1.6.2.4. The TSP fails to comply with the catastrophic loss provisions in Section 2.10, below, as  
402 verified by the MCO.

403 1.6.2.5. The TSP fails to comply with essential items provisions in Section 2.11, below, as verified  
404 by the MCO.

405 1.6.3. Claims filed within nine months of receipt of loss/damage but transferred to an MCO are still  
406 eligible for FRV.

407 1.6.4. The TSP will not be liable for loss or damage unless the customer either files a claim directly  
408 against the TSP within two years of the final delivery of the shipment that included the lost or damaged  
409 items, or files a timely claim against the United States and submits it to a MCO under the Military  
410 Personnel and Civilian Employees Claims Act (PCA).

411 1.6.4.1. For the purposes of either the 9 month time limit for filing against the TSP or the two-year  
412 limit for filing against the TSP or the United States, if a claim accrues during war or an armed conflict  
413 in which an armed force of the United States is involved, or has accrued within 2 years before war or  
414 an armed conflict begins, and for cause shown, the claim must be presented within 2 years after the  
415 cause no longer exists or after the war or armed conflict ends, whichever is earlier. An armed conflict  
416 begins and ends as stated in a concurrent resolution of Congress or a decision of the President. An  
417 extension granted by this provision may be longer at the discretion of the TSP. If the TSP anticipates  
418 denying an extension, they must contact the MCO for a decision on whether the 9 month or two year  
419 limit should be extended under this provision. Timeliness will be determined by the MCO based on the  
420 service's claims regulations and instructions.

421 1.6.5. If the customer files a claim with an MCO, the TSP will not be liable to the government on a  
422 recovery claim if the government does not dispatch a written demand to the TSP within four years of  
423 delivery. This four-year period will be extended by any period granted as per Section 1.5.4.1 above. If  
424 the government does dispatch a written demand to the TSP within four years of delivery, the  
425 government will have the normal six years specified in Title 28, United States Code, Section 2415, to  
426 resolve the claim or take administrative remedies.

427 1.6.6. If a customer files a claim directly with the TSP and then receives written or electronic notice  
428 from the TSP that all or part of the claim has been denied, then the customer may either file suit at  
429 personal expense against the TSP within two years of receipt of the notice or may transfer the claim to  
430 the appropriate MCO. If a recovery claim is not filed by an MCO against the TSP within four years of  
431 delivery, including extended periods as per Section 1.5.4 above, or the customer's suit is not instituted  
432 within two years of receipt of the written notice, then the TSP shall not be liable for any part of the  
433 claim that was denied in the notice.

## 434 **1.7. Liability for Goods in Storage**

435 1.7.1. The TSP's responsibility for a shipment and its liability under the bill of lading or service order  
436 for a shipment in NTS or SIT shall terminate, and the warehouse shall become the final destination of  
437 the shipment, on midnight of the day specified in the notice which the storage TSP receives through  
438 DPS from the PPSO advising that the government nature of the shipment will terminate. The notice of  
439 termination is not retroactive. This notice of termination can be rescinded not later than one business  
440 day prior to the effective date of the termination.

441 1.7.2. The government will pay the TSP for all NTS or SIT costs, up to and including the day of  
442 termination. Once termination, in accordance with Section 1.6.1, above, has occurred, the  
443 government may not revive the TSP's liability under the original bill of lading or service order, or  
444 reinstate the original bill of lading or service order. If after termination, the government wishes to  
445 continue the government's payment for continued storage, the government must enter into a new  
446 contract with the warehouse and/or issue a purchase order or new bill of lading for delivery and  
447 additional services needed after the termination notice.

448 1.7.3. In the event that NTS or SIT converts to the customer's expense, the TSP is required to provide a  
449 copy of the Joint Inspection Form, (i.e., rider to the inventory or exception sheet) if a joint inspection  
450 occurred and it is requested by the MCO.

451 1.7.4. **Goods booked into storage before 1 March 2008.** Contracts for Non-Temporary Storage  
452 (NTS) of goods negotiated after 1 March 2008 must include liability provision for full replacement  
453 value (FRV). Goods stored under NTS contracts negotiated before 1 March 2008 may contain liability  
454 provision limiting TSP liability to depreciated value for losses or damage. Renegotiation of depreciated

455 value contracts after 1 March 2008 must provide for FRV liability. Any such renegotiated contract will  
456 cause the NTS TSP to be liable for FRV for any damage suffered by the goods while in storage with  
457 that NTS TSP. If the NTS TSP can demonstrate through clear and convincing evidence that the damage  
458 occurred prior to the renegotiation of the rates to FRV rates, then the NTS TSP will only be liable for  
459 the damage in accordance with the contract or TOS in effect immediately prior to the renegotiation of  
460 the rates.

## 461 **1.8. High Value Items and High Risk Inventories**

462 1.8.1. High value/high risk items may include but is not limited to currency, coins, jewelry,  
463 silverware and silver service sets, crystal, figurines, furs, objects of art, computer software programs,  
464 manuscripts, comic books, baseball cards, stamps, and other collectable items or rare documents that  
465 have a value in excess of \$100 per pound. For the purposes of determining the TSP's liability, all such  
466 items shall be deemed to weigh at least one pound. A collection of compact disks (CDs) and digital  
467 video disks (DVDs) will not be considered high value/high risk items. However, individual CDs or  
468 DVDs with a value in excess of \$50 will be considered a high value item.

469 1.8.2. The TSP's liability for high value items shall be limited to \$100 per pound of the article, if the  
470 customer fails to inform the TSP that such items are included in the shipment after the TSP asks the  
471 customer, in writing, to list items in the above categories that will be included in the shipment. For  
472 purposes of determining the TSP's liability, all such numbered inventory items shall be deemed to  
473 weigh at least one pound. In order to account for such items, and in order to facilitate special handling  
474 of such items, the TSP may use a separate high-risk/high-value inventory. Items such as CDs, video  
475 tapes and DVDs that do not qualify as high value items for purposes of this provision limiting liability  
476 may be included on a high-risk/high-value inventory.

477 1.8.3. A high risk/high value inventory form, even if it is signed by the customer upon delivery and  
478 fails to note shortages at delivery, will normally be treated as other inventories for purposes of  
479 determining whether there was loss or damage in transit. The 'Notification of Loss/Damage AFTER  
480 Delivery' form, that gives the TSP notice of later discovered loss or damage would overcome the  
481 presumption of correct delivery, even of high value items listed on a special inventory, unless all of the  
482 following conditions are met:

483 1.8.3.1. If the high risk/high value inventory form has a block to denote delivery, the customer  
484 must initial each block for each item. A check mark or an "x" is not sufficient.

485 1.8.3.2. The high risk/high value inventory form must contain a warning, in bold font larger than other  
486 fonts on the form, that if the customer notes on this inventory that an item was delivered, he or she may  
487 never claim that the item was missing with either the TSP or with an MCO.

488 1.8.3.3. The delivering TSP must attest in writing that, just prior to departure from the residence, the  
489 TSP and the customer opened all containers in which the high risk/high value items were packed; that  
490 they removed the items from the containers; that they physically inspected each item; and that the TSP  
491 advised the customer of the consequences of signing the high risk/high value inventory form.

492 1.8.3.4. TSPs will not be held liable for high risk/high value items in locked safes (or other locked  
493 storage container) if they were not declared to the TSP or annotated on the inventory.

## 494 **1.9. Transfer of Custody of Shipments**

495 1.9.1. When custody of a shipment is transferred from one TSP to another, the delivering TSP will  
496 furnish the receiving TSP two legible duplicate copies of the shipment inventory.

497 1.9.2. The receiving TSP will have the option, at no cost to the government, to conduct a joint  
498 inspection of every item and/or carton on the inventory, including cartons or items in a crate regardless  
499 of whether the crate is damaged or the seals are intact. This is the only way for the receiving TSP to  
500 assure that it has accounted for all items on the inventory and to assure there are no overages.

501 1.9.2.1. If, at the time each item is checked, there is a difference in the condition of the items from  
502 what is listed on the shipment inventory, the receiving TSP will prepare an exception sheet noting the  
503 condition of the containers or to specific cartons within the containers, or other specific items in the  
504 shipment and use a rider noting thereon any shortage/overage, or differing conditions, cross-referenced  
505 to the original shipment inventory.

506 1.9.2.2. If no new loss or damage is discovered, an exception sheet will be prepared stating, "No  
507 differences noted," signed and dated by the receiving TSP and the delivering TSP's driver.

508 1.9.2.3. In the event the opinion of the delivering TSP's driver and the receiving TSP differ, both  
509 opinions will be listed on the rider and separately identified.

510 1.9.3. Both the delivering and receiving TSP will sign and date the exception sheet/rider, each  
511 retaining a legible copy for their files.

512 1.9.4. In the event a claim is filed, each TSP receiving the goods from another TSP will furnish legible  
513 copies of the exception sheet/rider to the customer or MCO, upon request.

## 514 **2. Claims**

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

### 520 **2.1. Claims Filing**

521 2.1.1. Customers whose property is lost, destroyed or damaged in transit and who wish to file against  
522 the TSP must file their claims within two years of delivery of the shipment that gave rise to the claim.  
523 For the purpose of the two year limit for filing claims, either directly against the TSP in DPS or against  
524 the United States through a MCO, if a claim accrues during war or an armed conflict in which an armed  
525 force of the United States is involved, or has accrued within 2 years before war or an armed conflict  
526 begins, and for cause shown, the claim must be presented within 2 years after the cause no longer exists  
527 or after the war or armed conflict ends, whichever is earlier. An armed conflict begins and ends as  
528 stated in a concurrent resolution of Congress or a decision of the President. An extension granted by  
529 this provision may be longer at the discretion of the TSP. If the TSP anticipates denying an extension,  
530 they must contact the MCO for a decision on whether the nine month or two year limit should be  
531 extended under this provision. This extension provision will apply to the nine month filing requirement  
532 to qualify for FRV. Timeliness based upon extensions under this provision will be determined by the  
533 MCO based on the service's claims regulations and instructions.

534 2.1.2. If the customer submits the claim in DPS against the TSP within nine months of delivery, the  
535 TSP, subject to the exclusions stated in Section 1.3, above, will be liable for the full, undepreciated  
536 replacement value on all lost or destroyed items, as specified in Section 1.1, above. If a claim has not  
537 been completely settled by the delivering TSP within 30 days after submission of information necessary  
538 to settle the claim, customers may transfer all or part of their claim to a MCO in accordance with

539 Paragraph 1.5. Claims filed within nine months of delivery but transferred to an MCO are still eligible  
540 for FRV.

541 2.1.2.1. A claim may be transferred to a MCO before 30 days after submitting information necessary  
542 to settle the claim, and TSP will remain liable for FRV if the provisions of paragraph 1.5.2. are met.

543 2.1.3. When a customer transfers a claim to the MCO, the MCO must contact the TSP to determine if  
544 the TSP has already obtained estimates, and request copies of claims negotiation or settlement documents  
545 relevant to the MCO claim. The TSP shall transmit any requested documents relevant to the MCO claim  
546 to the requesting MCO within 2 business days, by fax or electronic mail. If the TSP has not already  
547 obtained estimates, the MCO may give the TSP until the next business day to decide if it will inspect  
548 and obtain estimates on those items requiring estimates, and make arrangements with the customer and  
549 repair firms for the estimates. If the TSP decides to inspect and obtain estimates, an if customer  
550 expresses an interest in allowing the TSP to arrange and it will have until the 7th business day after it is  
551 contacted to obtain them unless the customer agrees to give it more time. If the TSP is unable to obtain  
552 estimates within 7 business days of being contacted and the customer does not agree to give TSP more  
553 time to do so, then the MCO will proceed to adjudicate and settle the claim.

554 2.1.4. The MCO may assert a demand against the TSP for the TSP's liability as established under  
555 Sections 1.1 and 1.2, above. The TSP will not be liable on such a recovery claim for payment on items  
556 for which the TSP has already paid the customer, if the correspondence between the TSP and the  
557 customer lists the item as one on which payment is being made and clearly indicates that the prior  
558 payment was in full and final satisfaction of either the entire claim, or was in full and final satisfaction  
559 of the claim for the particular item.

560 2.1.5. For the purposes of qualifying for FRV and for meeting the two-year time limits for filing  
561 claims directly with the TSP, a claim submitted directly by the customer to the TSP must be  
562 submitted, subject to the exclusions stated in Section 2.2, below, within the relevant time period  
563 (nine months or two years). The claim must identify the customer; contain facts sufficient to identify  
564 the shipment or shipments involved; must assert a demand for a specific or determinable amount of  
565 money; and must specify the items lost or damaged.

566 2.1.6. The nine month limit for obtaining FRV and the two year limit for filing the claim are met for all  
567 TSPs handlers of the goods in a shipment, if the claim is filed with the delivering TSP within the nine  
568 month or two year time limit. This provision also applies if goods have been in the custody of one or  
569 more TSPs that are not acting as agents of the delivering TSP (e.g., Code 3 shipments, delivery out of  
570 NTS by other than the warehouse, or DPM shipments). If the delivering TSP believes that some of the  
571 loss or damage occurred while the goods were in the custody of a prior TSP, then the delivering TSP  
572 must notify the claimant that they are settling for the items for which they are legally liable and denying  
573 the other items because another TSP is liable for the damage to or loss of the remaining items.  
574 Regardless of the language on any settlement letter or check, if a TSP asserts that another TSP is liable  
575 for loss or damage, such assertion may be challenged by presentation of evidence to the contrary by  
576 either the customer or the MCO, with the TSP making the denial having full rights of rebuttal and/or  
577 appeal if setoff occurs.

## 578 **2.2 Exceptions to Filing in DPS**

579 2.2.1. Exceptions to the requirement that a customer file claims in DPS against the TSP will be granted  
580 on a case by case basis, in writing, by the MCO. Government assistance will be available to overcome  
581 most issues with regard to the automated claims process in DPS. In cases where an exception has been  
582 granted, TSP's are responsible for accepting, processing, and paying non-DPS claims consistent with

583 these business rules. Approved non-DPS claims, submitted within the appropriate time limits, shall  
584 receive applicable FRV. Examples of situation that may warrant an exception under this provision  
585 include, but are not limited to:

586 2.2.1.1. Customer has no access to a computer or the internet.

587 2.2.1.2. The claim is made on behalf a deceased customer (Bluebark shipment).

588 2.2.1.3. Customer has language barriers or communication disabilities.

589 2.2.1.4. Customer has experienced a total or near total loss, either due to a missing shipment or  
590 extensive damage.

591 2.2.2. Filing a claim with the delivering TSP will satisfy the requirement for all TSPs and  
592 warehouses in the chain of custody of the claimed item that a claim must be filed directly with a  
593 TSP to maintain the entitlement the customer has to settlement on the basis of FRV.

594 2.2.3. When claims are not submitted through DPS the customer will use the DD Form 1844, List of  
595 Property and Claims Analysis Chart, or electronic facsimile thereof, when submitting a claim to the  
596 delivering TSP or MCO

597 2.2.4. Except for rules that specifically apply to claims filed in DPS or processed in DPS, these  
598 rules shall apply to claims not filed in DPS.

### 599 **2.3. Substantiation of Claims**

600 2.3.1. Introduction. In addition to the requirements to meet timely filing, claims must include  
601 information for the TSP to begin the settlement process. On all claims, this information will include  
602 notices of damages or loss that were found after the day of delivery and not previously provided to  
603 TSP; sufficient information about the shipment to enable the TSP to locate its copy of the bill of lading  
604 or service order; an inventory number for the damaged or lost item if that item has an inventory number  
605 associated with it; a description of each item that is lost; and a list of each item that is damaged stating  
606 the nature, location, and extent of the damage, and a determinable amount. The description of items  
607 lost or damaged must also list the approximate date of purchase of each item, or for items that were not  
608 purchased (e.g., gifts or bequests), the approximate date the customer acquired the item, the age of  
609 items that were not new when acquired.

610 2.3.1.2. For claims filed directly with the TSP, the TSP is responsible for obtaining repair estimates or  
611 replacement cost estimates required to settle the claim. The TSP may request the assistance of the  
612 closest MCO to obtain the name of reputable repair firms. If the TSP is still unable to obtain a repair or  
613 replacement estimate on an item, it may ask the customer to obtain the estimates, provided that the TSP  
614 agrees to pay all estimate fees and drayage costs that are incurred, even if the final settlement does not  
615 include payment for that item. If the customer is unable or unwilling to get the estimate(s), the TSP  
616 must adjudicate the claim without them based on other evidence in the file. The customer must  
617 cooperate with reasonable requests from the TSP in making items available for repair or for repair  
618 estimates. If the customer does not cooperate, the TSP should seek assistance from the closest MCO of  
619 that customer's military service. If the customer still does not cooperate, the TSP may delay settlement  
620 on those items that need estimates until the customer makes the items available. If the MCO finds that  
621 the delay was for good cause, it may request that USTRANSCOM adjust the claims settlement timeline  
622 within DPS to ensure the TSP is not penalized for the delay. The good cause for delay is not limited to  
623 a lack of customer cooperation in making items available for repair or estimates, but may also include  
624 inadequate information to identify items and other circumstances to be determined by the MCO. For  
625 claims that are not filed within nine months of delivery, but are correctly filed per Section 2.1 above,

626 the TSP may require the customer to provide repair or replacement estimates on any item(s) for which  
627 the amount claimed exceeds \$100.

### 628 **2.3.2. Internal Damage Rule**

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

### 640 **2.3.3. Notice of Loss and Damage**

641 2.3.3.1. When unloading or unpacking articles at destination, the delivery TSP will, in coordination  
642 with the customer, check the inventory prepared at origin and inspect each article for loss or damage.  
643 The delivering TSP will, along with the customer, record loss or damage on a 'Notification of Loss or  
644 Damage AT Delivery' form. The 'Notification of Loss or Damage AT Delivery' form will indicate  
645 differences in count and condition from that shown on the inventory prepared at origin and will be  
646 jointly signed by the delivering TSP and the customer. The TSP will provide a toll-free number and  
647 email address that the customer can use to contact the TSP or mail a claim. For split shipments or  
648 partial deliveries, a separate 'Notification of Loss or Damage AT Delivery' form will be completed  
649 whenever property is delivered to the customer.

650 2.3.3.2. Loss or transit damage discovered after delivery shall be listed on the 'Notification of Loss or  
651 Damage AFTER Delivery' form, unless the damage or loss is entered into DPS per Section 2.13  
652 below. In either case, the delivering TSP shall accept this form or entry as overcoming the  
653 presumption of correctness of the delivery receipt, if it is transmitted or postmarked within **180**  
654 calendar days of delivery. Notice shall not be required if a claim is filed with the delivering TSP  
655 within **180** calendar days of delivery. Neither the 'Notification of Loss/Damage AT Delivery' nor the  
656 'Notification of Loss or Damage AFTER Delivery' forms are conclusive; both can be rebutted by  
657 other evidence. Timely submission of the 'Notice of Loss or Damage AFTER Delivery' form to the  
658 delivering TSP shall be considered timely notice to all TSPs in the chain of custody of the items listed  
659 on the form.

660 2.3.3.2.1. The TSP shall update DPS that delivery has been completed within 3 business days after  
661 said delivery. If the TSP updates DPS within 3 business days after delivery, the **180** day notice period  
662 shall start on the day after delivery. If the TSP fails to update DPS within 3 business days after  
663 delivery, the **180** day notice period will begin the day after the TSP updates DPS that delivery has been  
664 completed.

665 **2.3.3.3. The TSP must notify the customer at 60 and 150 days after delivery point of the date the**  
666 **NOLD and the date the claim are due in order to retain FRV. The notification must include contact**  
667 **information for the TSP.**

668 2.3.3.4. The delivering TSP's failure to provide the forms for the 'Notification of Loss/Damage AT  
669 Delivery' and 'Notification of Loss/Damage AFTER Delivery' to the customer and to have proof

670 thereof will eliminate the requirement for notification to the delivering TSP and all TSPs that handled  
671 the goods in the shipment. Notice using the ‘Notification of Loss/Damage AT Delivery’ and the  
672 ‘Notification of Loss/Damage AFTER Delivery’ forms are not required by the delivering TSP in the  
673 case of major incidents, requiring the delivering TSP to notify the Military Surface Deployment and  
674 Distribution Command and appropriate Personal Property Shipping Office (PPSO) of the incident.  
675 Such incidents include fire, pilferage, vandalism, and similar incidents that produce significant loss,  
676 damage, or delay.

677 2.3.3.5. Valid evidence that the MCO or the delivering TSP shall consider, along with timely  
678 notification, in determining whether or not a customer has sustained loss and/or damage in the  
679 shipment include, but are not necessarily limited to, the inventory prepared at origin and the  
680 delivery receipt.

#### 681 **2.3.4. Inspection by the Transportation Service Provider**

682 2.3.4.1. The TSP may inspect the damaged items at any time prior to settlement of the claim after  
683 coordinating with the customer on a convenient time. However, the TSP may not deny a claim solely  
684 on the basis that it was unable to inspect any item. If the customer has repaired an item before the  
685 TSP’s inspection, the customer must provide the repair bill or some other evidence of the damage and  
686 repair cost to the TSP. If the customer has disposed of a damaged item, the customer must give the  
687 TSP evidence that the item was damaged beyond economical repair or was a potential health hazard to  
688 the claimant or the claimant’s family.

689 2.3.4.2. If a customer calls the TSP before a claim is settled and asks the TSP to inspect or give  
690 permission to dispose of items, the TSP will, within two business days after being contacted, notify  
691 the customer that either the items will be inspected or that the customer may dispose of the items. In  
692 such cases, if the TSP gives notice that it will inspect the items, it will do so within 45 days of being  
693 contacted by the customer unless the customer grants a further extension.

694 2.3.4.3. If the customer refuses to permit the TSP to inspect or is non-responsive to the request to  
695 arrange an inspection after reasonable effort by the TSP or its repair/inspection firm, the TSP must  
696 contact the appropriate MCO and request assistance in arranging an inspection of the goods. If the  
697 customer causes a delay by refusing inspection, the TSP shall be provided with an equal number of  
698 days to perform the inspection, for example, 45 days plus delay days caused by a customer.

#### 699 **2.3.5. Repair Estimates**

700 2.3.5.1. The TSP will be responsible for paying for repair estimates required to process claims that  
701 are filed with the TSP by the customer. TSP’s must provide the customer copies of any estimate used  
702 to support an offer of settlement at the time the offer is made. Redactions of proprietary information  
703 are permissible before providing estimate copies. In accordance with service regulations, the MCO  
704 will be responsible for paying repair estimates required to process and substantiate claims that are filed  
705 with the MCO by the customer. As noted previously, if a claim is presented to the MCO or transferred  
706 to the MCO by the customer, the MCO must, prior to settlement, contact the TSP to obtain estimates  
707 and any copies of claims negotiation or settlement documents related to the claim. The TSP must  
708 provide those documents within 2 business days. Failure to transmit the requested documents within  
709 2 business days can result in the MCO recommending punitive action from the PPSO and/or  
710 USTRANSCOM. The TSP is responsible for paying all estimates and associated fees presented by a  
711 MCO as a result of claims that were transferred to the MCO by the customer pursuant to Section 2.1,  
712 above, unless:

713 2.3.5.1.1. The TSP previously provided a reasonable estimate; or

714 2.3.5.1.2. The TSP previously offered to pay the customer a value that matches or exceeds the  
715 repair cost for all items on the estimate; or

716 2.3.5.1.3. The item damaged is repairable and the TSP offered to repair it at no cost to the customer;  
717 or

718 2.3.5.1.4. The TSP previously offered to pay the replacement cost or to replace the damaged item in  
719 kind.

720 2.3.5.2. All estimates provided by the TSP must identify a repair firm that is willing and able to  
721 make the repair within a reasonable time for the amount stated. The repair firm must be reputable  
722 and provide timely and satisfactory performance. All such estimates must be itemized.

723 2.3.5.3. If an MCO receives an itemized repair estimate from the TSP before a claim is settled, then  
724 the MCO will use that estimate provided that it is the lowest overall, and meets the criteria described  
725 in Section 2.3.5.2, above. If the TSP's estimate is the lowest overall estimate and is not used, the  
726 MCO will advise the TSP in writing of the reason the lowest overall estimate was not used in  
727 determining the TSP's liability.

728 2.3.5.4. If the TSP sends the appropriate MCO a lower repair estimate after the recovery demand on  
729 the TSP has been dispatched to the TSP's home office, it will be considered in the TSP's recovery  
730 rebuttal or appeal process if lower than the estimate used by the MCO and if it establishes that the  
731 estimate submitted by the customer was unreasonable in comparison with the market price in the area  
732 or that the price was unreasonable in relation to the value of the goods prior to being damaged.

733 2.3.5.5. If a TSP has made an inspection/estimate based upon the 'Notice of Damage AFTER  
734 Delivery' form and the customer subsequently updates the notice within the 180-day time- limit, the  
735 TSP is authorized to make an additional inspection/estimate. The TSP will contact the MCO to  
736 determine if it will authorize a deduction of \$75.00 or actual inspection cost, if less, from the TSP's  
737 liability for performing the second inspection/estimate.

738 2.3.5.6. Repairs must be made to the reasonable satisfaction of the customer. The TSP must initiate  
739 repair by a qualified repair firm within 30 days of settlement and the TSP must provide the name of the  
740 repair firm that will be doing the work, if requested by either the MCO or the customer.

#### 741 **2.4. Settlement of Loss and Damage Claims**

742 2.4.1. On loss or damage claims, the TSP must provide an acknowledgement of receipt of a claim to  
743 the customer within 15 calendar days of receipt of a complete claim. The TSP's acknowledgement to  
744 the customer must provide a phone number and email address to contact the TSP claims  
745 representative. The acknowledgment message must remind the customer that the TSP is required to  
746 pay, deny, or make an **offer on all claims valued at \$1000 or less within 30 days of receipt of the**  
747 **claim and on all other claims within 60 days of receipt.** These rules authorize settlement for repair of  
748 damaged items that are capable of being repaired and replacement of items that are damaged beyond  
749 economical repair or lost. Customers are not required to accept any other settlement options. Failure  
750 to acknowledge receipt within 15 calendar days or to pay, deny, or otherwise settle the claim within  
751 60 calendar days may result in potential disciplinary action may be taken against the TSP..

752 2.4.2. The TSP will issue payment to the customer or initiate repair of items within 30 days of receipt  
753 of notice that the customer has accepted a full or partial settlement. Failure to issue payment within 30  
754 days of notice of acceptance of settlement may constitute reason for convening a TSP Review Board  
755 and action may be taken against the TSP up to and including disqualification from the DOD Personal  
756 Property Program.

757 2.4.3. In those cases where more than one TSP may be responsible for the loss, an earlier TSP that  
758 receives a claim from the delivery TSP shall have 60-days for payment, denial or a final written  
759 offer, beginning on the date of receipt of the claim from the delivery TSP. The claimant may transfer  
760 a claim to an MCO after 30 days of filing their original claim regardless of whether the claim is  
761 transferred to an earlier TSP.

762 2.4.4. A claim for an item is settled in DPS when:

763 2.4.4.1. The customer accepts a final offer of settlement, the TSP issues a payment, and the value of  
764 the payment has been finally transferred to the customer or funds electronically deposited in the  
765 customer's bank account; or

766 2.4.4.2. The customer transfers the claim for that item to the MCO.

767 2.4.5. A claim for an item is settled outside of DPS when:

768 2.4.5.1. The TSP has made a final offer of settlement in writing that lists the amounts being offered  
769 for specific items; and the customer accepts a final offer of settlement on the specifically listed items  
770 in writing, the TSP issues payment, and the value of the payment has been finally transferred to the  
771 customer; or

772 2.4.5.2. The customer declines a final offer of settlement of specific items in writing.

773 2.4.6. A claim for an item is also settled when the TSP denies the claim for that item in DPS, or in  
774 writing for claims filed outside of DPS.

775 2.4.6.1. Denial of a claim by the TSP does not necessarily extinguish TSP liability. Customers may  
776 file claims for items denied by the TSP with the MCO.

777 2.4.7. Electronic mail is considered a form of writing under these rules.

778 2.4.8. TSP shall provide an itemized listing of all items for which a claim is paid even if the TSP pays  
779 the full value of their maximum liability under the terms of the contract. This shall apply to all  
780 catastrophic loss claims or claims where the TSP has reached their maximum liability. The settlement  
781 letter shall not suffice for such an itemization. The TSP must provide the MCO the itemized listing of  
782 which items their payment covered - they must adjudicate the claim until they reach their maximum  
783 liability.  
784

## 785 2.5. Partial Settlements.

786 Customers may find final offers of settlement acceptable on some items and unacceptable on other  
787 items. Customers may take payment on the acceptable parts of the final offer and may decline the  
788 unacceptable parts of the offer of settlement. The TSP must issue payment to customers on the  
789 portions of any final offer that the customer accepts. The TSP shall not be liable for any further claim  
790 for loss or damage on any item for which the TSP has settled the claim in accordance with paragraph  
791 2.4.

792 2.5.1. The TSP is required to make an initial written offer or denial to the customer/claimant for  
793 each separate item claimed as lost or damaged. The TSP is not permitted to condition its offer for  
794 any item on the claimant's acceptance of its offer or denial on any other item or items. The claimant  
795 may accept the offer for some of the items, and reject the offer or denial for other items and transfer  
796 the claim for those items to the MCO. This is a partial settlement. The customer does not have to  
797 transfer denied items to the MCO, in order for a claim to be considered settled.

798 2.5.2. After receipt of the initial written offer from the TSP, the claimant may initiate negotiation in  
799 order to attempt to increase the amount offered for some or all items, or to change the form of the  
800 offer (e.g., to substitute a cash payment for an offer to repair). During negotiation the claimant or the  
801 TSP may propose that the amount offered for some items be increased in exchange for the claimant's  
802 acceptance of the offer or denial on other items. The claimant or the TSP may also propose a  
803 settlement in which a lump sum is paid to settle the entire claim, without a separate amount offered for  
804 each separate item. The TSP shall reduce to writing any agreement reached based upon these  
805 negotiations and each party shall sign the agreement. The agreement shall clearly state in **BOLD**  
806 **FACE** type that entering into the agreement may preclude the claimant from any payment on a claim  
807 against the MCO for any or all items covered by the agreement. The TSP shall provide a copy to the  
808 customer. The claimant may at any time cease negotiation and accept or reject the initial offer or  
809 denial for each separate item, and transfer the claim for the remaining items to the MCO.

810 2.5.3. If and only if the claimant and the TSP have settled every separate item in the claim, or the  
811 claimant and the TSP have entered into a lump sum settlement, may the claimant and the TSP enter  
812 into a full and final settlement agreement. If the claimant has not previously accepted the TSP's offer  
813 or denial for every separate item, or accepted a lump sum settlement, the TSP may not submit for the  
814 claimant's signature on any document (to include a settlement check) purporting to be a full and final  
815 settlement of the entire claim. Neither the claimant nor the Government will be bound by such a  
816 purported agreement.

## 817 **2.6. Quick Claim Settlement**

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

## 829 **2.7. Salvage**

830 2.7.1. To the extent not prohibited by law or agreement, the TSP is entitled to take possession of and  
831 sell for salvage a damaged item on which the TSP has paid the customer either the depreciated or full  
832 (i.e., undepreciated) replacement cost, or replaced the damaged item with a new item, including sets  
833 under paragraph 1.1.2.2. If the customer wishes to retain an item for which the TSP has agreed to pay  
834 replacement cost or replace the damaged item with a new item, he may make a counter offer to accept a  
835 lesser amount of money from the TSP in exchange for the TSP waiving salvage rights. The TSP is not  
836 required to accept such counteroffers. There is no fixed amount or percentage by which the TSP's  
837 liability will be reduced if it agrees to waive salvage. TSPs are prohibited from pre-emptively deduct  
838 salvage from an award without communicating with the customer first. This provision is distinguished  
839 from, not applicable to, the situation referenced in Paragraph 2.7.7, in which the item or items in  
840 question were disposed of before settlement.

841 2.7.2. If the TSP pays a customer the depreciated or the full (i.e., undepreciated) replacement cost of  
842 a lost item, and the lost item is subsequently located, the TSP must notify the MCO and the customer

843 for instructions. The customer may then decide either to request or decline delivery of the item(s). If  
844 the customer elects to receive a found item, the TSP must deliver the item or items to the customer's  
845 residence or to the nearest agent facility near the customer for inspection by the customer. The  
846 customer must refund the amount paid on that item through the claims process. If the customer  
847 declines delivery of the item, the TSP may retain the item(s) for salvage.

848 2.7.3. If the TSP locates an item within 60 days of receipt of notice of the loss, and a claim on that  
849 item has not yet been paid, then the customer will be obligated to accept delivery of the item in lieu of a  
850 claim, even if the customer has already replaced the item. In addition, if the TSP locates a lost item  
851 more than 60 days after receipt of notice of the loss, but the item has not been replaced, and a claim on  
852 the item has not been paid, then the customer will be obligated to accept delivery of the item in lieu of a  
853 claim. If a lost item is later discovered with damage, the time limits for qualifying for FRV protection  
854 and for on-line filing claims on that item will not commence until the delivery of that item.  
855 Notwithstanding the above, essential item(s), as described in Section 2.11, below, that a reasonable  
856 person would and has replaced promptly may be declined by the customer before the 60 day period has  
857 run. This provision applies only when:

858 2.7.3.1 The item has been missing for at least seven (7) days from the date of delivery and the  
859 TSP has been notified pursuant to Section 2.11, below;

860 2.7.3.2 The item is necessary for daily life, such that it must be replaced within 2 business days of  
861 notice to TSP; and

862 2.7.3.4 The item has in fact been replaced.

863 2.7.4. The TSP must take possession of salvage items, at the customer's residence, or other location  
864 acceptable to the customer, not later than 30 days after settlement of the customer's claim. The 30 day  
865 pickup period can be extended by an agreement between the TSP and the customer in writing. If the  
866 customer refuses to cooperate with the TSP in the exercise of salvage rights, the TSP should contact  
867 the appropriate MCO closest to the customer and request assistance, and the 30 day deadline shall be  
868 extended for that period that the customer refused to cooperate.

869 2.7.5. The TSP will not exercise its salvage rights if the depreciated replacement value of all  
870 salvageable items totals less than \$100.00, or, in the case of a single salvageable item, the item has a  
871 value of less than \$50. If a shipment has more than one salvageable item, one of which has a value of  
872 \$50.00 or more, yet the total of all salvageable items is \$100.00 or less, then the TSP may exercise its  
873 salvage rights.

874 2.7.6. The TSP will not exercise its salvage rights on items that are hazardous or dangerous to the  
875 health or safety of the customer or the customer's family. Such items include, but are not limited to,  
876 broken mirrors or glass, spoiled food, moldy mattresses or other fabric items. For potential salvage, the  
877 customer will retain antiques, figurines, and crystal with a single item value of \$50 or more.

878 2.7.7. If the TSP is unable to exercise its salvage rights due to the disposal of an item by the  
879 customer, the TSP may reduce its liability by 25% on that item, if it has a depreciated replacement  
880 value of \$50.00 or more. The TSP is not entitled to a deduction for salvage on a single item with a  
881 depreciated replacement value of less than \$50.00, unless the total combined depreciated replacement  
882 value of all items that have been disposed of is \$100.00 or more.

883 2.7.8. The right of the TSP to salvage terminates upon the transfer by the claimant of the claim for the  
884 specific item or items to MCO.

885 **2.8. Claims for \$25 or Less**

886 2.8.1. In an effort to reduce administrative costs, the Military Services agree they will not pursue a  
887 claim against a TSP for loss or damage to household goods that were transported under this  
888 document, if the amount of the claim is for \$25 or less.

889 2.8.2. The TSPs agree they will not request reimbursement for such claims from the Military  
890 Services for an amount of \$25 or less. This provision does not apply to claims submitted directly to  
891 the TSP by a customer.

## 892 **2.9. Dispute Resolution**

893 2.9.1. If a customer does not accept a settlement offered by the TSP, the customer may transfer a  
894 claim as specified in Section 2.1.2, above, to the appropriate MCO. If the customer transfers a claim  
895 to the military, the MCO will resolve the customer's claim in accordance with its Service's claims  
896 regulations and procedures. The MCO will then assert a recovery claim, **to include labor costs of**  
897 **adjudicating the claim**, against the TSP under these business rules. The TSP must pay, deny or make  
898 an offer on the recovery claim offer **on all claims valued at \$1000 or less within 30 days of receipt of**  
899 **the claim and on all other claims within 60 days of receipt**, unless an extension is granted by the  
900 MCO.

901 2.9.2. If the TSP and the MCO cannot reach a mutual settlement on the recovery claim, the military  
902 may collect the amount of its recovery claim by administrative offset from money that is owed to the  
903 TSP for transportation services, or from other payment due the TSP directly from the government. If  
904 payments to the TSP are made by a third party payment system, the TSP agrees that the appropriate  
905 MCO may direct the party paying the TSP to divert all or part of any payment to the appropriate  
906 military finance center in order to accomplish offset to pay a government claim from a prior shipment.  
907 The TSP must approve the offset submitted by the MCO within 3 business days. Note: Approval of  
908 the offset does not indicate agreement with the offset, and does not affect the TSP's appellate rights.

909 2.9.3. If the TSP following such an offset, continues to dispute the amount of its liability, then it  
910 may file an administrative appeal under the provisions of Title 31, United States Code, Section  
911 3702, to the Defense Office of Hearing and Appeals (DOHA) or it may file suit in the appropriate  
912 federal court.

913 2.9.4. In some cases more than one TSP may have had custody of the goods. The claim will be filed  
914 with the delivering TSP, and the delivering TSP who first receives the claim may deny all or part of  
915 the claims on the basis that a prior TSP is liable for part of the loss. The delivery TSP must notify the  
916 customer and the appropriate MCO within three business days of the denial of liability based on a  
917 previous handler. The customer may decide to continue the claims process through the previous  
918 handler or may transfer the claim to the MCO. The customer always has the right to transfer a claim  
919 to an MCO after 30 days have passed since filing the initial claim against the delivery TSP.

## 920 **2.10. Catastrophic Loss Payments**

921 2.10.1. TSP is required to contact the MCO and responsible PPSO, when catastrophic losses occur.  
922 The TSP is responsible for identifying and making partial, advance payments to customers who have  
923 suffered a catastrophic loss. These payments are designed to relieve a customer's hardship associated  
924 with the loss of all or a majority of their household goods. The payments are an advance and should  
925 not exceed the TSP's expected total liability, per Section 1.1 Liability. The customer will still be  
926 required to file a claim for their loss. Any advance payment made will be deducted from the  
927 customer's eventual award. Such payments are subject to the same maximum liability and rules as all  
928 payments under these business rules. If a payment is made by a TSP and the TSP is subsequently

929 found to not be liable for the loss/damage, the TSP may seek reimbursement of the paid amount  
930 through the MCO and/or the customer's Service HQ.

931 2.10.2. Catastrophic loss occurs when over 60% of the inventory line items in a given shipment are  
932 lost, damaged or destroyed. However, TSPs are free to declare catastrophic losses and make a partial  
933 payment at their discretion if the 60% threshold has not been met. If a TSP cannot contact the  
934 customer within 48 hours, they will make payment or come to an agreement on payment within 48  
935 hours of making contact. Catastrophic losses and payments will be recorded in DPS, however, the  
936 entering of the entire claim into the DPS claims module may not be required. The declaration of a  
937 loss as catastrophic and the making of a partial payment is not an admission of liability regarding any  
938 particular piece of property. Further, a customer's request for, or a TSP's identification of, such loss  
939 does not constitute a claim.

940 2.10.3. TSPs are expected to make advance payments of no less than 10% of their total maximum  
941 liability for the shipment as soon as possible after a catastrophic loss occurs. Payments must be made  
942 within 48 hours of the TSP discovering or being notified of a catastrophic loss, unless the customer  
943 and TSP otherwise come to an agreement. TSPs are free to make an advance payment in any amount  
944 they believe will not exceed their total expected liability to the customer. Advance payments made do  
945 not relieve the TSP of its responsibility to process inconvenience claims.

946 2.10.4. In the event that a TSP identifies or is informed of a catastrophic loss for which it believes it is  
947 not liable under Section 1.3, Exclusions from Liability, above, the TSP shall inform the customer's  
948 MCO within 24 hours. In such cases, the MCO shall handle the advance payment and claim. If it is  
949 later determined that the TSP was, in fact, liable for the loss, the MCO will assert a recovery claim, **to**  
950 **include labor costs of adjudicating the claim**, against the TSP. The TSP shall be liable as if the  
951 customer had filed a claim with the TSP within nine months of their loss.

## 952 **2.11. Essential Items**

953 2.11.1. The TSP is responsible for promptly notifying customers who have had essential items lost,  
954 destroyed or made unusable due to damage. Customers are responsible for notifying the TSP, MCO,  
955 or PPSO of such a loss within 7 days of the date their goods were delivered. Any item not identified  
956 in this way by the customer shall not be considered "essential."

957 2.11.2. Upon notification of the loss of an essential item by either the customer, MCO, PPSO, or  
958 USTRANSCOM, the TSP shall either pay for such items, provide temporary or permanent  
959 replacements for them, repair them or such other arrangement as agreed to by the customer. Such  
960 action must be taken within two (2) business days of notification, regardless of whether a claim has  
961 been filed. Payments made by the TSP pursuant to this paragraph shall be considered an advance and  
962 should not exceed the TSP's expected total liability. Customers will still be required to file a claim for  
963 their loss. Any advance payment made will be deducted from the customer's eventual award. Such  
964 payments are subject to the same maximum liability and rules as apply to all payments.

965 2.11.3. If a TSP declines to provide or pay for an essential item or fails to respond to notification  
966 within the two (2) business day period, the customer may file a claim for said item(s) directly with  
967 the MCO. In such cases, the customer shall retain his or her right to FRV for those essential items for  
968 which notice was provided to the TSP. The customer is expected to file the remainder of their claim  
969 consistent with the provisions of these business rules.

970 2.11.4. In the event that a TSP identifies or is informed of the loss or damage of an essential item for  
971 which it believes it is not liable under Section 1.3, above, the TSP shall inform the customer's MCO  
972 within 24 hours. In such cases, the MCO shall handle the advance payment and claims. If it is later

973 determined that the TSP was, in fact, liable for the loss, the MCO will assert a recovery claim against  
974 the TSP. The TSP liability will be as if the customer had filed a claim with the TSP within nine  
975 months of their loss.

976 2.11.5. Essential items are only those items necessary for everyday living, which would reasonably  
977 need to be replaced promptly. Items used solely for entertainment purposes are not considered  
978 essential. Fungible items that are regularly used up or worn out and must be routinely replaced are not  
979 considered essential. Essential items include, but are not limited to:

980 2.11.5.1 Refrigerators or other appliances necessary for the safe storage and preparation of food

981 2.11.5.2 Necessary medical equipment; and

982 2.11.5.3 Mattresses

## 983 **2.12. Claims Processing in DPS**

984 2.12.1. After the customer enters information about lost and/or damaged items into the DPS Claims  
985 Management module, the TSP will have an opportunity to either deny the claim in its entirety or to  
986 agree to the customer demand in its entirety. Otherwise, the TSP must respond with proposed dollar  
987 amount settlements on an item-by-item basis. The amounts will reflect costs to repair or replace items  
988 as appropriate. DPS will include a notes field associated with each line item for the TSP to explain to  
989 the customer the rationale of their counter-offer or denial. Until such time as DPS is modified to  
990 include a notes field, the TSP shall use other reasonable communication methods (e.g., email,  
991 memoranda) to explain its rationale for its counter-offer.

992 2.12.2. For each item claimed, the TSP may make an offer or deny any settlement. If an offer is  
993 made on an item, the customer may either accept or dispute the amount offered. The customer may  
994 provide a counter offer for each item's settlement amount that they dispute; which the TSP can in  
995 turn, accept, refuse or counter offer. DPS allows an indefinite number of offers and demands to be  
996 exchanged between customers and TSPs. If the customer is unable to reach a mutual agreement on an  
997 amount to be reimbursed on one or more items, the customer can transfer the disputed item(s) to their  
998 MCO for settlement per the conditions as set forth in Section 2.1.2, above.

## 999 **2.13. Filing Notice of Loss/Damage.**

1000 2.13.1. The first step in initiating a claim under the FRV guidelines of The Defense Personal  
1001 Property Program is filing Loss/Damage Reports. The first loss/damage report, Notice of  
1002 Loss/Damage AT DELIVERY, is made at the time of delivery for loss or damage discovered at that  
1003 time. Prior to TSP leaving, customer must sign the form and give to the TSP. The Notice of  
1004 Loss/Damage AFTER DELIVERY is for damage discovered during unpacking after the delivery is  
1005 complete.

1006 2.13.2. For filing the Notices in DPS, the customer should enter all the information from their copy of  
1007 the 'Notice of Loss/Damage AT Delivery' form provided by the TSP as soon as possible. Timely entry  
1008 of this information ensures that everyone that may need to become involved in settling a claim has  
1009 visibility to all available information. The customer must enter the information of any loss/damage  
1010 AFTER delivery into DPS within 180 days after delivery per the requirements as set forth in Section  
1011 2.3.3, above.

1012 2.13.2.1. The TSP shall update DPS that delivery has been completed within 3 business days  
1013 after said delivery. If the TSP updates DPS within 3 business days after delivery, the 180 day  
1014 notice period shall start on the day after delivery. If the TSP fails to update DPS within 3

1015 business days after delivery, the 180 day notice period will begin the day after the TSP  
1016 updates DPS that delivery has been completed.

1017 2.13.3. If DPS is not used to file the Notice of Loss/Damage AFTER DELIVERY, customers  
1018 must complete the form and dispatch it to the TSP within 180 days, per the requirements of  
1019 Section 2.3.3, above.

1020 2.13.4. Although customers may file multiple claims for the same shipment, they will be  
1021 counseled to unpack and examine all of their goods before they submit a claim.

## 1022 **2.14. Checking Status of Loss/Damage Claim**

1023 2.14.1. The customer can monitor the status of their claim through DPS. Every claim and item within a  
1024 claim will always have a status while in the system. The status reflects what actions have been taken and  
1025 who must complete the next pending action. Claims and associated items will have one of the statuses  
1026 shown in Table 2-1. Any time a change of status occurs on a claim item, the user will receive the  
1027 appropriate notification from DPS.

1028

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	

1029

1030 2.14.2. The customer has the capability to provide information and/or responses for claims and items  
1031 pending “Customer” action as indicated in Table 2-1. A claim is settled and closed in DPS when all  
1032 items are settled.

## 1033 **2.15. TSP Denied Loss/Damage Claim**

1034 If the TSP denies the customer’s overall claim, the customer can either accept the denial or transfer it  
1035 to their MCO immediately on receipt of the notice of denial, per Section 2.1.2, above.

## 1036 **2.16. Responding to a TSP Proposed Settlement**

1037 2.16.1. One of the primary objectives of The Defense Personal Property Program is to simplify and  
1038 streamline the handling of personal property claims by enabling customers to negotiate settlements  
1039 directly with TSPs whenever possible. This saves time, paperwork and costs for everyone involved.  
1040 DPS allows the customer to individually negotiate and settle items while their claims are under review  
1041 by facilitating the necessary correspondence between them and the TSP.

1042 2.16.2. If after checking the status of one or more items included in the customer's claim(s) under  
1043 review as described in Table 2-1, the customer sees "Offer Pending" or "Denied," a response is  
1044 pending from the customer. For an offer pending, the customer may respond by accepting the TSP's  
1045 offer or by submitting a counter offer. If the TSP denies a claimed item (the item shows a "Denied"  
1046 status), the customer may transfer that item to their MCO in accordance with the procedures in  
1047 Section 2.1.2 above.

1048 2.16.3. If the customer is unable to reach a mutually agreeable settlement for one or more of their  
1049 items lost or damaged, they are also entitled to transfer those claimed items to their MCO after at  
1050 least 30 days has lapsed from the date the claim was filed, unless one of the events listed in Section  
1051 2.1.1, above, occurs sooner. The customer can transfer specific items they choose using DPS. The  
1052 customer must comply with their Services' regulations for filing claims.

## 1053 **2.17. Unearned Transportation**

1054 2.17.1. Unearned transportation is defined as payment for transportation of items, the value of  
1055 which was not delivered. For items that are destroyed, lost or missing at delivery, TSP's shall not be  
1056 responsible for unearned transportation costs if the full replacement value of all lost or missing items  
1057 has been paid to the owner or customer.

1058 2.17.2. Each Service will be able to view the value of unearned transportation for each shipment by  
1059 SCAC code. The Services can request a refund for that unearned transportation through DPS. The TSP  
1060 would then submit a refund invoice to Third Party Payment System (TPPS). The TPPS will then  
1061 transmit the refund to DPS for Service processing. If a TSP did not initiate the new invoice within 30  
1062 days of the Service request, then the Service may collect the money through administrative offset.

## 1063 **2.18. Shared Liability on International Shipments**

1064 2.18.1. On some international shipments, the Government requires the TSP to use Air Mobility  
1065 Command aircraft or a vessel operating under a Voluntary Intermodal Shipping Agreement to  
1066 transport the shipment for part of the journey. Liability shall be shared in these situations.

1067 2.18.2. TSPs are relieved of liability for loss or damage on these shipments when the TSP can  
1068 reasonably establish that the loss or damage occurred while the shipment was in the custody and  
1069 control of the Government or Government-directed source of transportation. If a TSP receives a  
1070 claim directly from the owner, and all of the loss occurred while the goods were in the custody of the  
1071 Government or Government-directed source of transportation, the TSP will deny liability and advise  
1072 the owner to file a claim with the appropriate MCO. If only part of the loss or damage occurred while  
1073 the shipment was in the custody of the Government or Government-directed source of transportation,  
1074 the TSP will settle those portions of the claim for which it is liable and refer the owner to the MCO  
1075 for the payment on the rest of the claim.

1076 2.18.3. Where it is evident that the loss or damage occurred while the property was in the  
1077 possession of the TSP, the TSP will be responsible to the full extent of its normal liability.

1078 2.18.4. If the time and place of the loss or damage to this type of shipment cannot be clearly  
1079 established, and if the owner submits a claim directly to the TSP, the TSP will pay the owner the full  
1080 amount of the loss, not to exceed twice the TSP's maximum liability on the shipment. The TSP will  
1081 then forward a request for payment of 50% of the settlement to the MCO designated by each military  
1082 service, supported by a copy of the completed claim. The MCO will pay 50% of the settlement to the  
1083 TSP within 30 days of receipt of the request, provided the claimant/owner was a proper claimant  
1084 under the Military Personnel and Civilian Employees Claims Act, and the claim was timely filed.

1085 Notwithstanding any agreement for the Services to pay 50% of the total liability, an MCO shall not  
1086 pay more than it is authorized to pay under the Military Personnel and Civilian Employees Claims Act  
1087 or other statutory authorization for the entire claim, even if the authorization is less than 50% of the full  
1088 replacement value of the claimed items.

1089 2.18.5. If the time and place of the loss or damage to this type of shipment cannot be clearly  
1090 established, and the owner files a timely claim directly with a MCO, the military will pay the owner.  
1091 The MCO will then assert a recovery claim against the TSP for only 50% of the adjudicated value, not  
1092 to exceed the TSP's maximum liability. The government will accept this compromise settlement of its  
1093 recovery claim, if the TSP accepts and agrees to pay that amount within 60 days of receipt of the  
1094 demand. In the event the TSP does not accept the MCO's adjudication of a claim in this category or  
1095 does not accept and agree to pay within 60 days, then normal negotiating procedures will apply and  
1096 the 50% compromise agreement will not be acceptable.

### 1097 **3. Claims Management**

#### 1098 **3.1. Claims Management with Multiple TSPs**

1099 NTS and DPM shipments may involve more than one TSP handling a single shipment. This situation  
1100 results in shared liability between the two or more TSPs. DPS will be developed to facilitate claims  
1101 processing and settlement among more than one TSP. The customer's claim filing process will not be  
1102 impacted by this enhanced DPS functionality.

#### 1103 **3.2. Documenting Loss/Damage and Filing Claim**

1104 The customer will follow the previously discussed procedures to document loss/damage and file  
1105 their claim in DPS. The DPS Claims Management module will have the same appearance and  
1106 functionality as the Loss/Damage module. However, DPS will recognize if the claim is against a  
1107 shipment that was handled by more than one TSP.

#### 1108 **3.3. Shared Liability Settlement Process**

1109 3.3.1. Regardless of the number of TSPs that handle a shipment, DPS will route the customer's  
1110 entire claim to the delivering TSP. The delivering TSP will determine the specific claim line items for  
1111 which they are responsible. The delivering TSP can accept or deny responsibility for a line item in  
1112 DPS and will use riders that were completed during shipment to determine responsibility. The  
1113 delivery TSP will scan the riders into DPS and attach those documents to the claim. If no rider exists  
1114 to establish responsibility, the line item becomes the responsibility of the delivering TSP.

1115 3.3.2. If a delivering TSP determines it is not responsible for a line item, the delivering TSP will  
1116 mark the line as such in DPS. DPS will forward the marked line item to the appropriate TSP.

1117 3.3.3. The line items the delivering TSP does not claim will appear in the work queue for the  
1118 appropriate, earlier TSP. The earlier TSP will have the opportunity to accept or deny responsibility for  
1119 the claim line items. Once responsibility has been accepted by a TSP, it can only be changed by the  
1120 MCO. TSPs can only establish responsibility for themselves and cannot assign responsibility to other  
1121 parties.

1122 3.3.4. If responsibility for a line item is rejected by an earlier TSP, the delivering TSP will have  
1123 another opportunity to establish responsibility. Negotiations of responsibility between the delivering  
1124 TSP and an earlier TSP may happen outside of DPS, but must be settled within the specific period of  
1125 time for settling the claim detailed in Section 2 above. There are no extensions or exceptions to this  
1126 rule.

1127 3.3.5. When responsibility for a line item is denied by all TSPs, the MCO will be alerted via DPS  
1128 that those items have been transferred to the MCO, and the MCO will establish the responsibility for a  
1129 line item. The MCO will pay the customer and then determine whether the recovery claim should be  
1130 asserted against the delivering TSP or another TSP. The transfer will reflect in the claims metrics of  
1131 the delivering TSP. When DPS calculates the claims metrics, these line items will be factored into the  
1132 claim score of the responsible party only.

1133 3.3.6. In any case, a customer may transfer a claimed item to an MCO as soon as the delivering  
1134 TSP denies payment for that claimed item and attempts to shift liability to an earlier TSP. The  
1135 MCO will then settle the claim per its procedures, identify the appropriate TSP for liability, and  
1136 assert a recovery demand against that TSP for FRV.

#### 1137 **3.4. Split Line Item Settlement Process**

1138 There may be situations where responsibility for a single line item on a claim is shared by multiple  
1139 TSPs. This split will be a percentage of the total dollar value of the damage for that line item. Either the  
1140 TSP or the MCO will be able to assign a percentage. TSPs can only enter a percentage for the line items  
1141 for which they are responsible. A TSP cannot assign a percentage to another TSP.

#### 1142 **3.5. Acceptance of Claim**

1143 3.5.1. Once in receipt of the settlement offer, the customer may accept or reject the offer by line item  
1144 or in its entirety. The rejected offer may or may not include a counter-offer from the customer. TSPs  
1145 may counter the customer's counter offer or accept it. This back and forth process gives the customer  
1146 and the TSP flexibility in working toward a resolution. TSPs have the option of stating that their offer  
1147 is final in such case, the customer's rejection will not include a counter-offer, and the customer can  
1148 immediately transfer the claim to the appropriate MCO. If an offer is designated as "final offer" by the  
1149 TSP within 30 days of filing, the customer may forward the claim to the respective MCO for  
1150 resolution.

1151 3.5.2. Once a final settlement is reached, DPS will provide an "acknowledgement" screen  
1152 identifying the TSPs responsible for payment and their payment amount(s) for each line item. The  
1153 screen will also provide TSP contact information if the customer does not receive settlement  
1154 payment within 30 days of the settlement date. The customer will have the capability to print this  
1155 screen. DPS will also provide the customer the address of the Storage Management Office (SMO) to  
1156 contact in the event they do not receive their payment in a timely manner from an NTS warehouse.

#### 1157 **4. Claims Procedures for Missing or Damaged Organizational Clothing and Individual** 1158 **Equipment (OCIE)**

1159 4.1. OCIE is that clothing and equipment issued to the customer by the Army for use in the  
1160 performance of duty. It is common for customer to personally purchase items for use in their duties  
1161 that appear to be OCIE items, but are not. These items are commonly referred to as "personal kit".  
1162 The TSP shall request the customer to identify these items which shall be separated from OCIE for  
1163 inventory and claims purposes. The TSP shall conduct an inventory of OCIE at pack-out and  
1164 delivery. Such inventory shall be recorded on standard inventory forms, but shall be marked "M-  
1165 PRO". The failure of the TSP to conduct the inventory may not be used by the TSP as grounds for  
1166 asserting a lack of tender of items in rebutting a recovery action for OCIE claims.

1167 4.2. If the TSP receives a claim from a customer that contains OCIE, the TSP will deny that portion  
1168 of the claim relating to OCIE. If the TSP receives notice that OCIE has been lost or damaged, either  
1169 through submission of notice by the customer, inspection, or any other means, it must notify the

1170 MCO of such loss and damage, within 30 days of receiving notice. Failure to receive notice of loss  
1171 or damage from the customer within 180 days of delivery may affect liability of the TSP, depending  
1172 on whether there was good cause for the delay, but is shall not relieve the TSP from the obligation  
1173 of notifying the MCO. The TSP will furnish the MCO a list of the OCIE missing or damaged along  
1174 with shipment information and customer name. In return the TSP may request in writing, a copy of  
1175 the OCIE record, the official hand receipt for OCIE issued to a specific customer, from the MCO to  
1176 substantiate the claims.

1177 4.3. The Army shall pursue recovery for OCIE loss or damage from the TSP as a separate action  
1178 from any associated HHG recovery action. The TSP shall remit payment for OCIE no later than 60  
1179 days from receipt of a demand for recovery concerning OCIE. Failure to remit payment no later  
1180 than 60 days from receipt of a demand for recovery concerning OCIE shall result in offset actions  
1181 by the MCO against the TSP.