

**BY ORDER OF THE SECRETARY
OF THE AIR FORCE**

AIR FORCE INSTRUCTION 34-208

17 MAY 2011

Services



**NONAPPROPRIATED FUND PROPERTY
AND LIABILITY PROGRAM**

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RELEASABILITY: There are no releasability restrictions on this publication.

OPR: HQ AFSVA/SVXHI

Certified by: AF/A1S
(Brig Gen Eden J. Murrie)

Supersedes: AFI34-208, 4 April 2005;
AFMAN34-213, 1 December
1995

Pages: 24

This publication implements Air Force Policy Directive 34-2, *Managing Nonappropriated Funds*, for the Air Force Nonappropriated Fund (NAF) Property and Liability Program. It describes the coverage, administration, and process for filing claims for property, general liability, and aero club aircraft hull and liability. This publication applies to the Force Support Squadron (FSS) and any new flight/division/branch names associated with the merger at installation or higher headquarters levels. This publication does not apply to the Air National Guard (ANG) or Air Force Reserve Command (AFRC) Units. This publication may be supplemented at any level, but all direct Supplements must be routed to the OPR of this publication prior to certification and approval. Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR) using the AF Form 847, *Recommendation for Change of Publication*; route AF Form 847s from the field through the appropriate functional's chain of command. Ensure all records created as a result of processes prescribed in this publication are maintained in accordance with (IAW) AFMAN 33-363, *Management of Records*, and disposed of IAW the AF Records Disposition Schedule (RDS) located at <https://www.my.af.mil/afrims/afrims/afrims/rims.cfm>.

SUMMARY OF CHANGES

This publication has been substantially revised and must be completely reviewed. The AF Instruction (AFI) has the following changes: This revision combines AFI 34-208, *Property and Casualty Program*, and AF Manual (AFMAN) 34-213, *Property and Casualty Claims Administration*, and renames the publication *Nonappropriated Fund Property and Liability*

Program. It implements Department of Defense Instruction (DoDI) 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, 31 October 2007, which authorizes appropriated fund (APF) support for NAF assets when damaged or destroyed by an act of God or for certain other reasons. Exclusions from the property insurance program are listed in [Attachment 2](#).

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Chapter 1

NAF PROPERTY INSURANCE PROGRAM

1.1. Purpose. This section provides FSS commanders, directors, deputies, and Resource Managers (RMs) with the information they need to manage the AF NAF Property Insurance Program. This includes:

- 1.1.1. Understanding the AF NAF Property Insurance Program.
- 1.1.2. Knowing how to file a claim for reimbursement.
- 1.1.3. Knowing how to address special situations such as acts of nature, humanitarian operations, or advance payment for natural disasters.
- 1.1.4. Knowing what type of claims are not covered (see [Attachment 2](#)).

1.2. Assets/Property Covered by this Program.

- 1.2.1. Cash.
- 1.2.2. Inventory.
 - 1.2.2.1. General Ledger Account Code (GLAC) 161000, NAF Inventory-Central Storeroom (resale items only).
 - 1.2.2.2. GLAC 162000, Resale Inventory.
 - 1.2.2.3. GLAC 163000, Inventory-in-Transit for items owned by an AF Nonappropriated Fund Instrumentality (NAFI).
 - 1.2.2.4. GLAC 179000, Fixed Assets-in-Transit for items owned by an AF NAFI.
- 1.2.3. Depreciable NAF Assets with a current Net Book Value (NBV) recorded in GLACs 173000 and 177000, Hardware and Software; GLAC 181000, Fixed Assets, Furniture, Fixtures and Equipment; and GLAC 185000, Construction in Progress.
- 1.2.4. Leased equipment and assets in memorandum of agreement (MOA) funding.
 - 1.2.4.1. GLAC 175000, NAF Assets, Leased Equipment (NAF Capital Lease Program).
 - 1.2.4.2. GLAC 180000, Construction in Progress-MOA Projects.
 - 1.2.4.3. GLAC 188000, NAF Assets, Capital Leases.

1.3. Covered Leased Assets. This is an asset where a NAFI is responsible for the leased property and required to replace or suffer the loss of damaged assets. Such assets include copiers on loan, leased vehicles, and similar assets on short-term lease. Refer to AFI 34-209, *Nonappropriated Fund Financial Management and Accounting*, for information on accounting procedures.

1.4. Claims processing resulting from covered events:

- 1.4.1. The RM, through the Services Agency Information System (SAIS), files a property insurance claim Notice of Loss using the Property Program in SAIS.
- 1.4.2. Property claims resulting from damage to or loss of an asset.

1.4.2.1. Criminal acts such as robbery, burglary, theft, and vandalism.

1.4.2.2. Accidents resulting from the operation or use of NAF vehicles, boats, and trailers.

1.4.2.3. Natural disasters/acts of nature such as a wind, hail, tornado, hurricane, fire, or lightning only if not paid by appropriated funds (APF). See also paragraph A2.4.

1.5. The FSS flight chief responsibilities for reporting a loss:

1.5.1. Notify the FSS or Services commander or director.

1.5.2. Notify the RM.

1.5.3. Sort and identify damaged and undamaged goods.

1.5.4. Move assets to a safe location.

1.5.5. Secure the area and notify civil and military authorities as necessary.

1.6. The Activity Manager performs the following tasks when a loss occurs:

1.6.1. Notifies Security Forces or appropriate civil authorities, and the activity's flight chief.

1.6.2. Identifies witnesses that may have been involved or have information about the loss.

1.6.3. Gathers information about the date, time, place, and circumstances of the loss.

1.7. The RM performs the following tasks:

1.7.1. Estimates value of the loss using all available information.

1.7.2. Inputs Notice of Loss in SAIS.

1.8. How to File a Property Claim. Filing a claim consists of completing (1) an electronic Notice of Loss to HQ AFSVA/SVXHI through SAIS, and (2) Proof of Loss, as explained below.

1.8.1. Filing the electronic Notice of Loss. The RM downloads the Property file in SAIS and completes as many of the drop downs and available information as possible. The RM forwards electronic SAIS Notice of Loss to HQ AFSVA within 30 days of the loss. Upon receipt, the HQ AFSVA point of contact will review the Notice of Loss and reply as necessary. SAIS will automatically forward a copy of the RM Notice of loss in SAIS to Major Command (MAJCOM) with an assigned claim number.

1.9. Filing the Proof of Loss.

1.9.1. The RM provides detailed information to HQ AFSVA/SVXHI within 90 calendar days from the date the RM filed the SAIS Notice of Loss. E-mail attachment preferred.

1.9.2. Include the description and quantity of the depreciable property. The property must have a current value recorded in the GLAC addressed in paragraph 1.2.

1.9.3. For resale inventory, submit a list of damaged and destroyed items with the original cost. For food products, include a certificate from Medical Group, Public Health Flight, condemning the items as unfit for human consumption.

1.9.4. Cash is covered at face value and it includes register or till receipts and deposits.

1.10. Total Loss. When an asset is a total loss, the RM provides two replacement estimates. When the asset is a partial loss, with damage of \$1,000 or more, provide two repair estimates. When the loss is between \$500 and \$1,000, provide one estimate. The minimum claim is \$500 (see paragraph 1.19.).

1.10.1. When the property is sold for salvage value, provide two salvage bids.

1.10.2. HQ AFSVA pays a claim when it receives reasonable evidence indicating the installation suffered a covered loss and the RM has accurately determined the value of the loss.

1.10.3. Depreciable property claims for property repair are paid at the lower of Net Book Value (NBV) or repair cost.

1.11. Investigation. The RM will not delay a claim to complete the investigation or inquiry required by AFI 34-202, *Protecting Nonappropriated Fund Assets*.

1.11.1. The RM must send a copy of the completed investigation or inquiry through command channels to HQ AFSVA/SVFA.

1.11.2. The RM will not delay sending in a Proof of Loss because of pending restitution. When the person or persons causing the loss makes restitution for a loss already reimbursed under the property coverage, the RM will notify HQ AFSVA of the amount and forward it to HQ AFSVA/SVXHI for deposit to the Air Force Insurance Fund (AFIF).

1.12. Services Natural Disaster Recovery Team. The team provides essential support to AF Services operations impacted by natural disasters such as hurricanes, tornadoes, floods or fire (see [Attachment 5](#) for summary of the purpose of this team).

1.12.1. The team expedites and assists in filing claims, requests advance payment and performs other duties necessary to facilitate the recovery of NAF assets and operations.

1.12.2. Installations request the team through MAJCOM channels to HQ AFSVA/SVX.

1.12.3. Installations must provide complete documentation of loss as required even though the Services Natural Disaster Recovery Team is activated.

1.13. Requesting additional time to file a claim for loss. Additional filing time can be requested from HQ AFSVA/SVXHI by e-mail, memorandum, telephone, or fax. For losses of \$25,000 or less, the RM signs the Proof of Loss; when the loss exceeds \$25,000, the FSS commander, director, or deputy signs the document.

1.14. Exclusions. A list of exclusions to the Property Insurance Program is at [Attachment 2](#).

1.15. Paying Claims. HQ AFSVA/SVXHI makes payments from the AFIF through SAIS.

1.16. Coverage Limits.

1.16.1. Furniture, Fixtures, Equipment, and Inventory: \$1,000,000.

1.16.2. Money and Securities: \$100,000 for any one loss. Money is currency, coins, and bank notes. Securities are all negotiable or nonnegotiable instruments or contracts representing either money or other property and include checks and drafts, tokens and certain specific tickets losses.

1.16.3. Small portable or shed-type buildings recorded on NAF Property records: \$100,000.

1.16.4. Employee Dishonesty: \$100,000 each occurrence. An occurrence is a loss caused by or involving one or more employees, whether the result of a single act or series of acts that result in the total loss.

1.17. Calculating Property Losses.

1.17.1. When a total loss is being replaced by a new asset.

1.17.1.1. Divide Net Book Value (i.e. original cost - depreciation) by original cost to get the book value percentage.

1.17.1.2. Multiply the resulting percentage times the lowest replacement cost.

1.17.1.3. Subtract salvage value, if any. For example, presume an asset purchased for \$1,000 has a current value of \$800; the replacement cost is \$1,200, with no salvage value. HQ AFSVA will calculate the estimated replacement value to be: $\$800 \div \$1,000 = .80 \times \$1,200 = \960 . The insurance payment is \$960.

1.17.2. When an asset is to be repaired, submit the two lowest repair estimates available. If only one estimate is available, contact HQ AFSVA/SVXHI for approval.

1.18. Depreciation. Depreciation for claims involving depreciable property is determined as described in AFMAN 34-214, *Procedures for Nonappropriated Funds Financial Management and Accounting*.

1.19. Minimum Property Claim Payable. When the loss is \$500 or more, the AFIF pays the value of the asset. Losses less than \$500 are paid by the FSS as shown in Attachment 4.

1.20. Special Situations. The AFIF pays after all other insurance has paid. It pays all reasonable expenses to reduce the property loss, excluding expenses related to personnel-related expenses, administrative leave, or personnel evacuation expenses (see [Attachment 2](#) for exclusions).

1.21. Requesting Advance Payment. Excluding those losses listed in Attachment 2, other catastrophic events may create a need for immediate funds for NAF insured asset replacement. If such a need exists, the FSS Commander may submit a written request to HQ AFSVA/SVX for an advance payment of NAF Funds, based on a NAF payable claim. As an alternative, the FSS Commander may also request assistance from the MAJCOM successor NAFI, IAW AFI 34-201, *Use of Nonappropriated Funds (NAFs)*, Para 3.3.

1.21.1. To get an advance payment, the RM provides reasonable evidence of a loss, and a request for advance payment which includes the following:

1.21.1.1. A description of the occurrence resulting in the loss.

1.21.1.2. A list of NAF-owned insured property damaged or destroyed with an estimate of their value or repair cost.

1.21.1.3. A list of stolen/vandalized resale inventory supported by the physical inventory sheet with prices at cost.

1.21.1.4. For loss of physical cash, (such as petty cash in a drawer), reasonable evidence of the amount of the loss.

1.22. Requests for advance payment and reasonable evidence of the loss. The AFIF will make payment and deduct it from the final settlement. An estimate of the amount of an advance payment payable from the AFIF is approximately 60-70 percent of the documented amount.

1.23. Assessments. All NAFIs pay assessments into the AFIF based on expected costs to cover claims and administrative expenses.

1.24. Additional Insurance. If desired insurance requirements exceed the coverage or limits the AFIF provides, the RM may send a written request through the MAJCOM to HQ AFSVA/SVX for approval of additional coverage. Do not purchase commercial insurance for the coverage unless approved by the MAJCOM and HQ AFSVA/SVX.

Chapter 2

AERO CLUB AIRCRAFT HULL AND LIABILITY INSURANCE PROGRAM

2.1. Purpose. This section details aircraft hull coverage with instructions and guidance for paying claims and administering the self-insured Aero Club Aircraft Hull and Liability Insurance Program. The Aero Club Aircraft Hull and Liability Insurance Program is administered through HQ AFSVA/SVXHI.

2.2. Filing a Notice of Loss.

2.2.1. The RM completes the electronic Hull Loss Notification from the Aero Club Hull Insurance Program section of the AF Services Benefits and Insurance website and e-mail it to HQ AFSVA/SVXHI

2.2.2. The Chief, Aero Club Operations, files reports prescribed by AFI 34-217, *Air Force Aero Club Program*, and AFMAN 34-232, *Aero Club Operations*, Attachment 5. Upon receipt of the Mishap Report IAW AFMAN 34-232, Attachment 5, or electronic Notice of Loss, HQ AFSVA/SVXHI will send electronic confirmation with the claim number and declared value of aircraft to the RM to file the hull claim.

2.3. Filing a Proof of Loss. The RM sends the completed Proof of Loss with supporting documents to HQ AFSVA/SVXHI within 90 days of receipt of the Notice of Loss.

2.3.1. File the Proof of Loss to include the following information:

2.3.1.1. Tail number and date and time of incident.

2.3.1.2. Minimum two estimates of damage and pictures of damage (if available).

2.3.1.3. Copy of any messages sent to Federal Aviation Administration (FAA) or other authorities.

2.4. Claim Extension. The RM may request an extension of claim filing by notifying HQ AFSVA/SVXHI by e-mail, telephone, or fax. Provide claim number along with tail number, incident date, installation, and number of days requested for extension of time.

2.5. Payment. HQ AFSVA/SVXHI pays the claim from the AFIF after receiving verification of the loss and documentation reflecting the amount of the loss.

2.6. Authorized Signature on Proof of Loss. The RM sends a copy of the completed report of investigation to HQ AFSVA/SVXHI through command channels. For losses of \$25,000 or less, the RM signs the Proof of Loss; when the loss exceeds \$25,000, the FSS commander, director, or deputy signs the document.

2.7. Deductible. There is a \$250 deductible for repair costs to aero club aircraft. If the aircraft is a total loss, there is no deductible. For example:

2.7.1. If a covered aircraft, with a declared value of \$45,000, is totally destroyed, the settlement is \$45,000; no deductible is applied to a total loss.

2.7.2. If a covered aircraft with a declared value of \$45,000, has damage to a propeller valued at \$1,000, the settlement will be \$750 (\$1,000 minus \$250 = \$750).

2.7.3. The maximum deductible for any one occurrence is \$1,000. This normally applies when multiple aircraft are on the ground and damaged during a strong wind, hail, hurricane or tornado.

2.8. Salvage. The aero club must arrange for salvage IAW AFI 34-204, *Property Management*, and notify HQ AFSVA/SVPCR of the amount of the salvage.

2.8.1. The installation provides HQ AFSVA/SVX and HQ AFSVA/SVPCR with minimum two salvage bids.

2.8.2. HQ AFSVA/SVX makes the final decision on whether to salvage or repair aircraft.

2.9. Recovering Lost Property. If an aero club recovers property after it receives payment for a loss covered by the AFIF, the RM will reimburse the AFIF to the extent of the recovery, but not in excess of the payment received from the AFIF.

2.10. Insuring Aircraft Hulls.

2.10.1. The AFIF insures aero club owned aircraft based on their declared value.

2.10.2. The AFIF program insures leased aircraft only after HQ AFSVA/SVX has approved the lease in writing (see paragraph 2.12.4.).

2.11. Government Loaned Aircraft. An aircraft hull received at little or no cost is not insured. On these hulls, the Aero Club may request AFIF coverage on Aero Club NAF capital improvements that club has made.

2.11.1. Examples of covered capital improvements are:

2.11.1.1. Communications equipment.

2.11.1.2. Engine additions or enhancements.

2.11.1.3. Advanced or newly modernized equipment purchased and installed at the aero club's expense.

2.11.1.4. Major refurbishment to include painting, structural alterations, etc.

2.11.1.5. Other NAF-owned equipment installed after the aircraft was received.

2.11.2. HQ AFSVA/SVPCR will approve increases in asset value created by capital improvements when reported by the Aero Club.

2.12. When Aircraft Are Covered.

2.12.1. The program covers aircraft reported on AF Form 270, *Status of Aero Club Aircraft and Operations Report*. See AFMAN 34-232, Attachment 6 for instructions on completing the AF Form 270.

2.12.2. Newly acquired aircraft are covered on the day the club takes possession from the vendor, factory or previous owner. Provide electronic written notification to HQ AFSVA/SVXHI and HQ AFSVA/SVPCR upon receipt of aircraft, and add aircraft to subsequent AF Form 270. Coverage continues as long as the club reports the aircraft on AF Form 270.

2.12.3. Government loaned aircraft are covered when the club takes physical possession of the aircraft.

2.12.4. Leased aircraft are covered upon written notice of approval of the lease agreement by HQ AFSVA/SVXHI. Information required includes: aircraft make, model, and year; FAA registration number; total number of seats; declared value; and date obtained.

2.13. Exclusions.

2.13.1. The self-insured hull program does not cover damage from:

2.13.1.1. Fair wear and tear.

2.13.1.2. Freezing.

2.13.1.3. Mechanical breakdown or failure, unless such loss or damage precipitates a forced landing that results in other physical damage to the airplane.

2.14. Other Conditions.

2.14.1. This program pays all reasonable expenses incurred in an effort to prevent further loss or damage (with the exception of offering a reward for lost property).

2.14.2. In the event of theft, robbery, burglary, or pilferage, the FSS commander, director, or deputy notifies proper authorities.

2.15. Paying Assessments (Hull). Aero clubs pay a quarterly assessment based upon information provided on the AF Form 270. The declared value of the aircraft is used to calculate hull insurance.

2.15.1. Declared values may be adjusted between AF Form 270 cycles by providing HQ AFSVA/SVPCR a “real time” written update; e-mail preferred. Use “remarks” section of AF Form 270 to confirm dates/value of changes for specific aircraft.

2.16. Paying Assessments (Liability). Aero clubs pay a quarterly assessment based on the AF Form 270. Assessments for aero club liability insurance are calculated based upon the physical number of seats in each aircraft.

2.16.1. When adding or removing seats, installations may exercise the following option, which only affects aero club liability insurance: the Aero Club must notify HQ AFSVA/SVPCR in writing; e-mail preferred. Use “remarks” section of AF Form 270 to confirm the dates that seat changes for specific aircraft occurred.

2.16.2. An aero club may physically add or remove seats for a minimum of 30 days and the liability assessment rate will be adjusted to the appropriate number of seats (30 consecutive days can cross months, quarters, or fiscal year). Seat adjustments must be reported to HQ AFSVA/SVPCR in writing “real time” (e-mail preferred). Report date of seat change and number of seats information in the “remarks” section of the next AF Form 270.

2.16.3. “Lay Up” is an aircraft grounded for maintenance or other reasons for at least 30 consecutive days; the assessment is only for hull insurance, not liability (30 consecutive days can cross months, quarters, or fiscal year). Hull rate will only be assessed for the period of time the aircraft is in “lay up” status. The Chief, Aero Club Operations, must notify HQ AFSVA/SVPCR “real time” as soon as they determine aircraft will be grounded for at least 30 consecutive days. They must also report this information in the “remarks” section of the next AF Form 270.

2.16.4. When an aircraft that is in “lay up” status requires a ferry or maintenance flight, the assessment is only for hull insurance. Aircraft may remain in “lay up” status until returned to revenue service. The Chief, Aero Club Operations, must notify HQ AFSVA/SVPCR (e-mail preferred) prior to ferry or maintenance flight of grounded aircraft.

2.17. Determining the Declared Value. HQ AFSVA/SVPCR maintains a copy of the Aircraft Bluebook Price Digest and will provide assistance in determining declared value of aero club aircraft. Declared values are established when the club obtains the aircraft, and are updated by the aero club manager not later than 31 December of each year thereafter, or whenever a capital improvement is made that impacts the value of an aircraft.

2.17.1. The declared value must not deviate more than 15 percent from the average price listed in the Aircraft Bluebook Price Digest.

2.17.2. HQ AFSVA/SVPCR approves the declared value of all insured aircraft. The declared value of leased aircraft must be the amount stated in the lease agreement.

2.18. Hull Loss Payments. HQ AFSVA/SVXHI makes payment after receiving the Proof of Loss with supporting documentation.

2.19. Payment of Aero Club Liability Claims. See Chapter 3.

Chapter 3

LIABILITY INSURANCE

(INCLUDING PERSONNEL CLAIMS AND CUSTOMER COMPLAINTS)

3.1. Purpose. This section addresses the settlement and payment of claims made against:

- 3.1.1. NAFIs.
- 3.1.2. NAFI employees.
- 3.1.3. Aero club contract flight instructors (maximum one million dollars per occurrence).
- 3.1.4. Participants or customers (maximum one million dollars per occurrence).
- 3.1.5. Authorized users of NAFI equipment or property (maximum one million dollars per occurrence).

3.2. Exceptions.

- 3.2.1. This section applies to all AF NAFIs except the Army and Air Force Exchange Service (AAFES).
- 3.2.2. This section does not apply to:
 - 3.2.2.1. Claims involving damages for libel, slander or other personal defamation claim.
 - 3.2.2.2. Claims involving any wage or salary garnishments.
 - 3.2.2.3. Claims against Private Organizations (POs) are filed directly with the PO involved.

3.3. Reporting Potential Liability Incidents. The FSS commander, director or deputy prepares [Attachment 3](#) and sends it to HQ AFSVA/SVXHI for any NAFI-related incident which results in physical injury to a person or in which property damage is expected to exceed \$1,000.

- 3.3.1. Submit reports by e-mail or fax within five working days of first knowledge of the incident, claim, or suit.
- 3.3.2. Include installation name, NAFI, name and phone number of NAFI contact, estimated time and place of loss, a brief description of the incident, an estimate of the dollar loss, and any action taken by installation officials.

3.4. Settling Liability Claims.

- 3.4.1. Refer anyone wanting to file a liability claim against a NAFI to the servicing Staff Judge Advocate (SJA) office (see [Attachment 4](#)).
- 3.4.2. The SJA or higher approving authority sends approved claims to AF/JAA-S, where they are reviewed by AF/JAA-S and paid by HQ AFSVA/SVXHI from the AFIF as appropriate.

3.5. Exclusions.

- 3.5.1. Claims arising from any contract or contractor relationship.

- 3.5.2. Claims from the bankruptcy, insolvency, or actions or inaction of any concessionaire.
- 3.5.3. Claims arising from any employment relationship.
- 3.5.4. Claims arising from actions or inaction of appropriated fund (APF) employees.
- 3.5.5. APF-sponsored activities.

3.6. Personnel Claims. The NAFI pays approved claims of less than \$500 for loss or damage to NAF employees while working in the scope of their employment without reimbursement from the AFIF. For example, if an installation pays a Personnel Claim to an employee of \$400, there is no reimbursement from AFIF. If the reimbursement is \$600, the AFIF reimburses the installation \$100 (see [Attachment 4](#)). Examples of personnel claims (damage to employee's property while at work) are: Clothing damaged at work; loss of personal equipment at work such as glasses, coat, or other personal property.

3.7. Customer Complaints. The FSS activity manager, in conjunction with the RM, settles customer complaints subject to the approval of the FSS commander, director, or deputy without SJA involvement.

3.7.1. Customer complaints are dissatisfactions arising out of NAFI supported operations that can be resolved by cash reimbursement, service, or replacement in kind.

3.7.2. Examples of Customer Complaints are:

3.7.2.1. Sales or service claim by customers, such as breach of warranty, defective service and shortages.

3.7.2.2. Lost or damaged clothing claims, such as items lost or damaged while in the care and custody of a NAFI (e.g., coat check room).

3.7.3. Specific claims paid under this section are:

3.7.3.1. Customers' vehicle is damaged by faulty equipment in an FSS car wash.

3.7.3.2. Damage occurred to a customer's vehicle while stored in an FSS storage area.

3.7.3.3. A customer's vehicle is damaged by an on-duty FSS employee while being worked on (such as getting an oil change or tire balancing) in an FSS auto hobby shop.

3.7.3.4. Other claims for lost or damaged privately owned personal property in the custody of or being serviced by the NAFI.

3.8. AFIF Reimbursement. The AFIF reimburses NAFIs for that portion of any customer complaint paid over \$1,000. The activity manager or RM pays the claimant, sends a copy of the voucher to HQ AFSVA/SVXHI. The AFIF reimburses the NAFI the amount of the payment over \$1,000.

3.9. Federal Tort Claims Act (FTCA). NAFIs are instrumentalities of the Federal Government and enjoy its privileges and immunities. A tort committed by a NAF employee, acting within the scope of his or her employment or duties, may give rise to NAF liability under the FTCA. Do not use appropriated funds to pay an award, compromise, or judgment of a claim for which a NAFI is liable.

3.10. Customer Complaint Claims Settlement.

3.10.1. Customer complaints may involve conduct which could give rise to tort-type claims; however, process them as customer complaints unless:

3.10.1.1. They cannot be settled to the satisfaction of both parties.

3.10.1.2. The requested settlement includes a demand for consequential damages such as for bodily injury or for property damage to other than the article involved.

3.10.2. Consulting the SJA office does not change a Customer Complaint into a liability claim; however, the customer filing an SF 95 with the SJA office does.

3.10.2.1. This action requires RM approval to process as a Customer Complaint.

3.10.3. If the RM has requested the SJA review the claim and the SJA approved the claim, it must be sent to HQ AFSVA/SVXHI for payment as a customer complaint. In some cases, the AFIF will pay the claimant directly to save time.

3.11. Commercial Insurance. If a special liability risk arises, such as purchase of “rain-out/cancellation” insurance, “hole-in-one” insurance for a golfing event, or other one-time special events, the FSS commander, director, or deputy must contact HQ AFSVA/SVX, through MAJCOM, in writing and request approval to purchase commercial insurance.

3.12. Broad Coverage. Because of the broad coverage of the NAF liability program, NAFIs must not purchase commercial public liability insurance except when it is required by a Status-of-Forces agreement or other country-to-country agreement.

3.13. Legal Representation for Individuals.

3.13.1. Legal Representation. Legal representation may be authorized to defend tort actions brought against:

3.13.1.1. NAFI employees.

3.13.1.2. Aero Club contract flight instructors.

3.13.1.3. Members.

3.13.1.4. Participants.

3.13.1.5. Customers.

3.13.1.6. Authorized users of NAFI equipment.

3.14. Civilian Counsel. AF/JAA-S will recommend to AF/A1S whether or not legal fees for civilian counsel should be paid from the AFIF.

3.14.1. Legal Procedures. For legal representation, apply the following procedures:

3.14.1.1. The claimant forwards a request for representation to the Headquarters, Air Force Legal Operations Agency, Claims and Tort Litigation Staff, (HQ AFLOA/JACC) with a copy to AF/JAA-S.

3.14.1.2. HQ AFLOA/JACC provides a copy to AF/JAA-S who reviews the request and recommends to HQ USAF/A1S whether or not the AFIF should pay for the requested legal representation.

3.14.1.3. If civilian counsel is retained and the case goes to a judgment, or a settlement is reached, AF/JAA-S will notify HQ AFLOA/JACC of the adverse judgment and the amount. If the lawsuit is in a foreign country, AF/JAA-S will notify the The Judge Advocate General's International Law Division, HQ USAF/JAI.

3.14.1.4. AF/JAA-S works with HQ AFLOA/JACC or HQ USAF/JAI, as appropriate, to determine whether or not the judgment or compromise should be paid by HQ AFSVA.

3.15. Paying Assessments to Support the Program. All AF NAFIs pay assessments into the AFIF, except where specifically excluded. HQ AFSVA/SVX calculates assessments based on the need to cover all claims and expenses.

3.16. Special Conditions.

3.16.1. The NAF liability insurance program will not duplicate claims paid by any commercial insurance company.

3.16.2. The FSS RM, deputy, commander or director should contact HQ AFSVA/SVX, through the MAJCOM, before arranging for or becoming involved in any venture where the risk of loss could substantially increase NAF liability exposure.

3.16.3. Neither the US Government nor any of its instrumentalities may file a payable claim against a NAFI.

3.16.4. Unless the FSS commander, director, deputy or higher authority grants approval, do not consider property of others left on the premises as in the care and custody of any NAFI.

DARRELL D. JONES, Lt Gen, USAF
DCS, Manpower, Personnel and Services

Attachment 1**GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

AFPD 34-2, *Managing Nonappropriated Funds*, 7 Jan 1994
AFI 34-201, *Use of Nonappropriated Funds*, 17 June 2002
AFI 34-202, *Protecting Nonappropriated Funds*, 27 August 2004
AFI 34-204, *Property Management*, 27 August 2004
AFI 34-209, *Nonappropriated Fund Financial Management and Accounting*, 10 January 2005
AFI 34-217, *Air Force Aero Club Program*, 1 February 1997
AFMAN 33-363, *Management of Records*, 1 March 2008
AFMAN 34-214, *Procedures for Nonappropriated Funds Financial Management and Accounting*, 14 February 2006
AFMAN 34-232, *Aero Club Operations*, 7 February 2007
DODI 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, October 31, 2007

Prescribed Forms

AF Form 270, *Status of Aero Club Aircraft and Operations Report*

Adopted Forms

AF Form 847, *Recommendation for Change of Publication*

Abbreviations and Acronyms

AAFES—Army and Air Force Exchange Service
AF—Air Force
AF/JAA—S Legal Office
AFI—Air Force Instruction
AFIF—Air Force Insurance Fund
AFMAN—Air Force Manual
AFNAF—Air Force Nonappropriated Fund
AFRIMS—Air Records Information Management System
APF—Appropriated Fund
CONUS—Continental United States
DoDI—Department of Defense Instruction
FAA—Federal Aviation Administration

RM—Resource Manager

FSS—Force Support Squadron

FTCA—Federal Tort Claims Act

GLAC—General Ledger Account Code

HQ AFLOA/JACC—Headquarters, Air Force Legal Operations Agency, Claims and Tort Litigation Division

HQ AFSVA/SVPCR—Headquarters, Air Force Services Agency (Business and Recreation Branch)

HQ AFSVA/SVX—Headquarters, Air Force Services Agency (Director, Plans and Force Management)

HQ AFSVA/SVXHI—Headquarters, Air Force Services Agency (Insurance Branch)

HQ USAF/A1S—Headquarters, United States Air Force (Director of Services)

HQ USAF/JAI—Headquarters, United States Air Force (The Judge Advocate General's International Law Division)

IMT—Information Management Tool

MOA—Memorandum of Agreement

NAF—Nonappropriated Fund

NAFI—Nonappropriated Fund Instrumentality

NBV—Net Book Value

OCONUS—Outside the Continental United States

OPR—Office of Primary Responsibility

PO—Private Organization

RDS—Records Disposition Schedule

RM—Resource Manager

SJA—Staff Judge Advocate

SAIS—Service Agency Information System

SVS—Services Squadron

Attachment 2

EXCLUSIONS FROM THE PROPERTY PROGRAM COVERAGE

A2.1. Caused by the Passage of Time

A2.1.1. Fully depreciated assets.

A2.1.2. Loss from refinishing, renovating, repairing, mechanical breakdown or failure, product defect, wear and tear, gradual deterioration, corrosion, rust, dampness of atmosphere, freezing, or extremes of temperature. The exception to these exclusions is that damage from bursting pipes from extreme temperature is covered.

A2.1.3. Loss or damage to tires or tubes, unless caused by fire, vandalism, malicious mischief, or theft.

A2.1.4. Spoilage unless from fire, or act of civil riot or crime.

A2.2. Administrative and Operational Reasons

A2.2.1. Clean-up expenses following any natural disaster.

A2.2.2. Missing property discovered by regular inventory or any accounting process, unless there is complete and documented evidence it was caused by an act of crime such as a burglary/break-in, robbery, theft, or the dishonest act of an employee.

A2.2.3. Loss or damage caused by electricity. Loss to electrically operated devices unless fire ensues and then only for the loss caused by fire.

A2.2.4. Giving or surrendering money or securities in any exchange or purchase. Credit card purchases from charge/credit cards such as MasterCard, VISA or similar cards are not covered by this program.

A2.2.5. Accounting or arithmetical errors or omissions.

A2.2.6. Money contained in coin-operated machines, except for highly technical slot machines with counting devices that compute the exact value in the machine at all times.

A2.2.7. Property in the control of any common carrier.

A2.2.8. Aircraft Hull (see Chapter 2).

A2.3. Other

A2.3.1. Books and records except for their physical value.

A2.3.2. Animals.

A2.3.3. "Fine arts" including paintings, pictures, tapestries and other verified works of art or rarity.

A2.3.4. Jewelry and furs.

A2.3.5. Any APF property (including NAF property transferred to APF title, and trees, shrubs, greens and similar items on golf courses).

A2.3.6. Loss of property owned by others such as employees, customers, or NAF contractors.

A2.4. Losses caused by act of God; during wartime deployments; or in support of contingency, humanitarian, and peacekeeping operations. Department of Defense Instruction (DoDI) 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, authorizes appropriated funds (APFs) to pay for a loss, if such loss is caused by an act of God; during wartime deployments; or in support of contingency, humanitarian and peacekeeping operations. Installations are expected to absorb these losses using local APFs. If the installation commander determines that such APFs are not available to cover the losses, the installation will request APFs from the MAJCOM.

Attachment 3**REPORTING A POTENTIAL LIABILITY CLAIM**

The activity manager, through the RM, uses the following format to report a potential liability claim to HQ AFSVA/SVXHI with a copy to MAJCOM by e-mail or fax:

MEMORANDUM FOR HQ AFSVA/SVXHI (firstname.lastname@us.af.mil)

FROM: Installation
Street Address and e-mail address
City, State, and Zip Code

SUBJECT: Notice of Potential Liability Information

IAW AFI 34-208, this is to notify you of a potential liability in excess of \$1,000 (include the following information):

1. Installation and MAJCOM.
2. NAFI name and activity (such as installation MWR fund, youth programs, bowling center, marina, officers' club, consolidated club, etc.).
3. Estimated time, date and place of incident (such as 1800 on 10 Jun 2011 at Officers' Club).
4. Brief description of the incident (such as vehicle accident and damage to privately owned vehicle, customer slipped and fell and injured foot while dancing at Officers' Club function, customer injured left hand while in boat rented from marina, customer injured right foot while lighting propane tank at outdoor recreation facility, child injured left hand at child development center).
5. Estimate of Loss (must be over \$1,000).
6. Action taken by FSS personnel to mitigate the loss, do first aid, assist the claimant, or otherwise reduce Services liability.

Signature of FSS
Commander/Deputy/Designee

Attachment 4

READY REFERENCE

Table A4.1. PROPERTY, AERO CLUB HULL AND LIABILITY PROGRAMS

Program	Property	Aero Club Hull	Liability
Type	AFIF	AFIF	AFIF
When loss may be a claim	If loss over \$500 minimum claim	If loss over \$250 deductible	If third party files a claim
Where to file	HQ AFSVA/SVXHI	HQ AFSVA/SVPCR or SVXHI	Installation SJA
Who files	RM	Aero club manager in coordination with RM	Third Party Claimant
When to File	30 days (24 hours if loss over \$10,000)	Immediately	Third Party has two years to file
Customer Complaint	N/A	N/A	May be paid by RM; reimbursed by AFIF for amounts paid over \$1,000
Personnel Claim	N/A	N/A	May be paid by RM; reimbursed by AFIF for amounts paid over \$500

Attachment 5

NATURAL DISASTER RECOVERY PROGRAM SUMMARY

A5.1. Purpose. Develop a capability to provide responsive recovery assistance to FSS operations and programs impacted by natural disasters such as hurricanes, tornadoes, floods or fire. HQ AFSVA funds NAF employee travel expenses, and APF employees are funded by installation/MAJCOMs.

A5.2. Action Plan Objectives

A5.2.1. Provide essential support to FSS personnel in assessing disaster damages.

A5.2.1.1. For continental U.S. (CONUS) locations: be on-site within 72 hours of installation request.

A5.2.1.2. For outside the continental U.S. (OCONUS) locations: be on-site within 96 hours of installation request.

A5.2.2. Provide timely requests to fund (with O&M or Milcon Funding) emergency unfunded requirement to the Installation Comptroller including all applicable documentation.

A5.3. Key Action Plan Elements

A5.3.1. FSS Commander establishes a pool of qualified personnel at the installation to augment HQ AFSVA personnel.

A5.3.2. HQ AFSVA/SVXHI trains a reserve pool of personnel in NAF Property Insurance Program coverage, and administrative procedures.

A5.3.3. HQ AFSVA/SVXHI provides “after-action” follow-up assistance to ensure any insurance claim is paid as soon as possible.

A5.4. Scope of Assistance Provided

A5.4.1. Survey damage

A5.4.2. Compare Property Insurance Program coverage with NAF property records and actual damage/destruction incurred useable only if APF funds are not available.

A5.4.3. Help the installation file a claim.