

Administrative Changes to AFI 51-502, *Personnel and Carrier Recovery Claims*

OPR: AF/JACC

Certifying Official: AFLOA/JAC (Col Martin T. Mitchell)

23 December 2016

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

**AIR FORCE INSTRUCTION 51-502**

**5 AUGUST 2016**



**LAW**

**PERSONNEL AND CARRIER  
RECOVERY CLAIMS**

**COMPLIANCE WITH THIS PUBLICATION IS MANDATORY**

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OPR: SAF/AAL Policy Branch

Certified by: AFLOA/JAC  
(Ms. Renee Collier)

Supersedes: AFI51-502, 1 Mar 1997  
(Incorporating Change 1, 31 Jul 08)

Pages: 61

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This Instruction implements Air Force Policy Directive (AFPD) 51-5, *Military Legal Affairs*. The instruction provides guidance and procedures for adjudicating and settling the claims of Air Force personnel for loss or damage to their property under the Military Personnel and Civilian Employees Claims Act (PCA); for asserting and settling Carrier Recovery claims; and preparing and offsetting payments against carrier contracts. It applies to individuals at all levels, including Air Force Reserve Command (AFRC), Air National Guard (ANG) units, and the Civil Air Patrol, except where otherwise noted. This publication may be supplemented at any level, but all supplements must be routed to the Office of Primary Responsibility (OPR) listed above for coordination prior to certification and approval. Refer recommended changes and questions about this publication to the OPR listed above using the AF Form 847, *Recommendation for Change of Publication*; route AF Forms 847 from the field through the appropriate chain of command. Requests for waivers must be submitted to the OPR listed above for consideration and approval. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with Air Force Manual (AFMAN) 33-363, *Management of Records*, and disposed of in accordance with Air Force Records Information Management System (AFRIMS) Records Disposition Schedule (RDS). The use of the name or mark of any specific manufacturer, commercial product, commodity, or service in this publication does not imply endorsement by the Air Force.

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Act system of records notices (e.g. FO51 AFJA J, *Claims Records*) is available online at <http://dpclo.defense.gov/Privacy.aspx>.

## ***SUMMARY OF CHANGES***

This instruction has been substantially revised and must be completely reviewed. This revision changes settlement authorities and claims responsibilities consistent with the creation of the Air Force Claims Service Center (CSC). Major Command (MAJCOM) and installation legal office responsibilities have been redefined. This revision deletes processes not associated with the Personnel Claims Act. For example, procedures for Federal Medical Care Recovery Act (FMCRA) claims are now covered in Air Force Instruction (AFI) 51-501, *Tort Claims*.

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## Chapter 1

### GENERAL INFORMATION ON PERSONNEL/TRANSPORTATION CLAIMS

**1.1. Purpose.** *The Military Personnel and Civilian Employees Claims Act (PCA)*, 31 USC 3701 & 3721, is a gratuitous payment statute. Congress passed the PCA to lessen the hardships of military life by providing prompt and fair payment for certain types of property loss or damage. Payment does not depend on tort liability or Government fault. Most common is loss of or damage to property that occurred during a government-directed move or while residing in government housing. The Air Force aims, within approved guidelines, to compensate military members and civilian employees for property loss or damage, incident to their service, to the maximum extent possible. However, the PCA does not provide insurance coverage and is not designed to make the United States (US) a total insurer of the personal property of claimants.

1.1.1. PCA payments are not based on negligence by either the Air Force or by Air Force personnel acting within the scope of employment.

1.1.2. Recovery under the PCA is based on the member's or civilian employee's status at the time of the loss (that is, the loss is incident to service).

1.1.3. Generally, PCA claims are processed by the Air Force Claims Service Center (CSC).

1.1.4. Claims based on tortious liability are processed in accordance with AFI 51-501, *Tort Claims*. Note: it is critical to establish whether a claim is being processed under the PCA or as a Tort claim.

**1.2. Authority.** The Air Force may pay meritorious claims for loss of or damage to personal property of members and civilian employees of the Air Force incident to service under:

1.2.1. *The Military Personnel and Civilian Employees' Claims Act (PCA)*, 31 USC §§ 3701 and 3721.

1.2.2. Full Replacement Value (FRV) Claims Program. *The John Warner National Defense Authorization Act for Fiscal Year 2007* mandated that contracts for the transportation at government expense of baggage and household effects of military personnel and civilian employees of the DoD include FRV protection (see Public Law 109-364 and 10 USC § 2636a). The FRV Claims Program has been implemented through various sources, including the Defense Transportation Regulation (DTR). To benefit from this program, members file claims for loss, damage, or destruction directly against the Transportation Service Provider (TSP) within 9 months of delivery. Claims for loss, damage, or destruction may be filed against the TSP through the Defense Personal Property System (DPS). Claims filed through DPS may be transferred, in total or an item at a time, to the Air Force when appropriate (see paragraph 1.2.2.1). Claims filed directly against a TSP using a method other than DPS may be transferred to the Air Force as directed by the CSC. While many of the principles found in this instruction are relevant to the FRV Claims Program, only claims for loss, damage, or destruction of household goods filed directly against the Air Force, or claims against a TSP and properly transferred to the Air Force by a member, are within the scope of this instruction. Payments for loss, damage, or destruction under this chapter may be affected by payments under the FRV Claims Program.

1.2.2.1. If claims negotiations with the TSP are unsuccessful, claimants may transfer the claim and file against the Air Force through the CSC. The CSC will adjudicate and pay claims against the Air Force for damage to or loss of personal property under the PCA. (T-1) Except as noted in Paragraph 1.2.2.2., all claims are paid at depreciated value. Claimants assign any right to recover from the TSP to the Air Force when they make a claim against the Air Force. The CSC will pursue payment from the responsible TSP to the extent of the TSP's legal liability up to FRV. (T-2) The CSC will make additional payments to claimants if the recovery from the TSP is greater than the initial payment CSC made to the claimant. (T-1)

1.2.2.2. *The Ike Skelton National Defense Authorization Act for Fiscal Year 2011* authorizes the military departments to pay FRV under the PCA for personnel claims involving the shipment of baggage and household effects of military members or civilian employees of the DoD under certain circumstances (see Public Law 111-383 and 10 U.S.C. § 2740). In paying a claim under section 3721 of title 31 arising from loss or damage to household goods stored or transported at the expense of the Department of Defense, the Air Force may pay the claim on the basis of full replacement value in any of the following cases in which reimbursement for the full replacement value for the loss or damage is not available directly from a carrier under 10 USC 2636a:

1.2.2.2.1. A case in which the lost or damaged goods were stored or transported under a contract, tender, or solicitation in accordance with 10 USC 2636a that requires the transportation service provider to settle claims on the basis of full replacement value; and the loss or damage occurred under circumstances that exclude the transportation service provider from liability.

1.2.2.2.2. A case in which the loss or damage occurred while the lost or damaged goods were in the possession of an ocean carrier that was transporting, loading, or unloading the goods under a Department of Defense contract for ocean carriage; and the land-based portions of the transportation were under contracts, in accordance with 10 USC 2636a, that require the land carriers to settle claims on the basis of full replacement value.

1.2.2.2.3. A case in which the lost or damaged goods were transported or stored under a contract or solicitation that requires at least one of the transportation service providers or carriers that handled the shipment to settle claims on the basis of full replacement value pursuant to 10 USC 2636a; the lost or damaged goods have been in the custody of more than one independent contractor or transportation service provider; and a claim submitted to the delivering transportation service provider or carrier is denied in whole or in part because the loss or damage occurred while the lost or damaged goods were in the custody of a prior transportation service provider or carrier or government entity.

### **1.3. Responsibilities.**

1.3.1. The Judge Advocate General, (TJAG) through the Air Force Legal Operations Agency (AFLOA) Claims and Tort Litigation Division:

1.3.1.1. Develops claims policies and procedures. (T-1)

1.3.1.2. Directs training of legal personnel on claims policies and procedures. (T-1)

- 1.3.1.3. Approves settlement of PCA claims within his or her authority. (T-1)
- 1.3.1.4. Denies claims, as appropriate. (T-1)
- 1.3.2. Director, Civil Law and Litigation (AFLOA/JAC):
  - 1.3.2.1. Approves settlement of PCA claims within his or her authority. (T-1)
  - 1.3.2.2. Denies claims, as appropriate. (T-1)
  - 1.3.2.3. Recommends settlement of claims above his or her delegated settlement authority. (T-2)
- 1.3.3. Chief, Claims and Tort Litigation Division (AFLOA/JACC):
  - 1.3.3.1. Implements claims policies, issues instruction, and provides guidance on all Air Force claims matters within the scope of this instruction. (T-1)
  - 1.3.3.2. Recommends settlement action on claims to AFLOA/JAC, TJAG, the Secretary of the Air Force, and the United States Attorney General. (T-2)
  - 1.3.3.3. Maintains liaison with the Department of Defense, Department of Justice, and other government agencies on claims issues. (T-2)
  - 1.3.3.4. Approves settlement of PCA claims within his or her authority. (T-1)
  - 1.3.3.5. Denies claims, as appropriate. (T-1)
- 1.3.4. Installation Staff Judge Advocates:
  - 1.3.4.1. Ensures all assigned JAG Corps (JAGC) personnel maintain awareness of the claims process as prescribed by this instruction to assist potential claimants. (T-2)
  - 1.3.4.2. Provides information to potential claimants on how to file claims under this instruction in accordance with Chapter 3 of this Instruction. (T-2)
  - 1.3.4.3. Receives claims filed by proper claimants and/or assist with filing claims electronically with the CSC in accordance with Chapter 3 of this Instruction. (T-1)
  - 1.3.4.4. Receives and forwards notices of loss or damage after delivery (including DD Form 1840R, *Notices of Loss or Damage After Delivery*) from claimants unwilling or unable to file the notices online in accordance with paragraph 3.6.2. (T-1)
  - 1.3.4.5. Assists claimants by scanning documents and uploading them directly to the CSC website. (T-2)
  - 1.3.4.6. Assists CSC and JACC as necessary with inspections of property, gathering data or information or other support required to assist in the adjudication/disposition of claims within their jurisdiction. (T-3)
  - 1.3.4.7. Ensures the base population is aware that the personnel claims program exists to pay meritorious claims; to encourage potential claimants to adopt measures that reduce the risk of loss or damage; and to assist claimants in the process of making a claim for any loss or damage that occurs incident to their military service. (T-3)
- 1.3.5. Chief, Air Force Claims Service Center (AFLOA/JACC-CSC):

- 1.3.5.1. Ensures the claims program is administered fairly and efficiently in accordance with AFPD 51-5. (T-1)
- 1.3.5.2. Receives and processes PCA claims in a timely manner. Settles PCA claims within its settlement authority and denies claims as appropriate. (T-1)
- 1.3.5.3. Prepares, manages, and executes budget requirements for all claims-related expenditures and CSC operational requirements. (T-1)
- 1.3.5.4. Ensures that all funds expended or collected by the CSC are properly accounted for and reconciled consistent with Air Force guidance. (T-1)
- 1.3.5.5. Ensures sufficient funds are available to pay claims and meet operational needs of the center. (T-2)
- 1.3.5.6. Reconciles vouchers paid by the Defense Finance & Accounting Service (DFAS) with the award recorded in the claims tracking log and the Air Force Financial Management System. (T-1)
- 1.3.5.7. Assists claimants as necessary during the adjudication of their claim. (T-2)
- 1.3.5.8. Asserts carrier recovery claims as appropriate and ensure proper distribution of collected funds. (T-3)

#### **1.4. Delegation of Settlement Authority.**

- 1.4.1. The Secretary of the Air Force has authority to settle claims under the PCA. The Secretary has delegated authority to TJAG to assign areas of responsibility and designate functional responsibility for claims under the PCA.
- 1.4.2. TJAG delegates the authority to settle personnel claims under the PCA for \$40,000 or less, and deny claims in any amount to the following individuals:
  - 1.4.2.1. The Deputy Judge Advocate General (DJAG);
  - 1.4.2.2. The Director of the Civil Law and Litigation Directorate (AFLOA/JAC);
  - 1.4.2.3. The Chief, Associate Chief, and Branch Chiefs of the Claims and Tort Litigation Division (AFLOA/JACC); and
  - 1.4.2.4. The Chief, Deputy Chief, and Attorney-Advisor of the Air Force Claims Service Center (AFLOA/JACC-CSC).
- 1.4.3. TJAG delegates the authority to settle personnel claims for over \$40,000, and up to \$100,000 for claims arising from emergency evacuations or extraordinary circumstances to the following individuals:
  - 1.4.3.1. The DJAG;
  - 1.4.3.2. The Director of AFLOA/JAC;
  - 1.4.3.3. The Chief and Associate Chief of AFLOA/JACC; and
  - 1.4.3.4. The Chief, Deputy Chief, and Attorney-Advisor of AFLOA/JACC-CSC.
- 1.4.4. TJAG delegates the authority to settle, compromise, suspend, or terminate action and to accept full payment on carrier recovery claims for \$100,000 or less to the following individuals:

1.4.4.1. The DJAG;

1.4.4.2. The Director of AFLOA/JAC;

1.4.4.3. The Chief, Associate Chief, and Branch Chiefs of AFLOA/JACC; and

1.4.4.4. The Chief, Deputy Chief, and Attorney-Advisor of AFLOA/JACC-CSC.

1.4.5. TJAG authority delegated in paragraphs 1.4.2 through 1.4.4 may be re-delegated to subordinates up to \$5,000.00.

**1.5. Exceptions to this instruction.** The Chief, AFLOA/JACC, should interpret and grant exceptions to, or waivers of, the rules contained in this instruction, that are within his or her authority, when it is in the best interest of the Air Force.

## Chapter 2

### IDENTIFYING COGNIZABLE CLAIMS UNDER THE MILITARY PERSONNEL AND CIVILIAN EMPLOYEES' CLAIMS ACT (PCA)

#### Section 2A—

**2.1. Scope.** This chapter defines what a proper PCA claim is under the law. Guidance on administrating, processing, adjudicating, and paying PCA claims may be found in Chapter 3 of this Instruction.

**2.2. Defining PCA Claims.** The PCA sets forth basic requirements for what constitutes a properly payable claim. This chapter explains these requirements. Claims personnel must analyze claims to determine whether the following requirements exist in each case: (T-0)

2.2.1. A Proper Claimant (**Chapter 2**, Section B).

2.2.2. Loss or Damage Incident to Service (**Chapter 2**, Section C).

2.2.3. The Timely and Proper Presentation of a Claim (**Chapter 2**, Section D).

2.2.4. An Appropriate Loss (**Chapter 2**, Section E).

2.2.5. Loss or Damage to Property that was Reasonable or Useful to Possess (**Chapter 2**, Section F).

**2.3. Finality.** In accordance with 31 USC § 3721(k), Air Force administrative settlements of PCA claims are final and conclusive. Claimants do not have a right to pursue their claim in any court of law (i.e., not subject to judicial review).

**2.4. Recovery under PCA Subject to All Other Sources.** Claimant's recovery under the PCA is subject to recovery from any other source. Claimants who have received compensation for loss or damage from an insurance company, tortfeasor, carrier, contractor or warehouseman, or any other source may not receive a duplicate award for the same loss or damage under the PCA. Claimants have an affirmative obligation to inform the Air Force of any recovery received both prior to and after filing a claim under the PCA. Claims personnel must ensure all awards are deducted accordingly. (T-0)

**2.5. Disclaiming or Waiving Liability.** Generally, unilateral disclaimers (on signs or other postings), as to liability for loss or damage to personal property, do not prevent claimants from making an otherwise valid claim under the PCA. However, claimants may sign an agreement or contract in which they waive their right to file in consideration for some benefit. All such agreements should clearly and prominently state that, upon signing, the party waives his or her right to file a claim under the PCA.

**2.6. Relation to Other Claims Statutes.** Claim personnel must first assess whether all claims by Air Force employees and military members are payable under the PCA. (T-0) If, consistent with this Instruction, a claim is determined not to be payable under the PCA, it shall be reviewed under other applicable claims statutes, such as the *Military Claims Act* (MCA) or the *Federal Tort Claims Act* (FTCA), before it is denied. (T-0) The CSC provides the member or employee with appropriate guidance.

2.6.1. Vehicle Claims Exception. Incident-to-service damage to vehicles caused by the negligence of a member or employee of the armed forces acting in the scope of employment is investigated and potentially paid under the MCA first, rather than the PCA. (CAVEAT: Incident-to-service damage to vehicles caused by the negligence of a member or employee of the armed forces acting in the scope of employment that involves damage because of contact with a quarters (including landscaping of quarters) is still investigated and if appropriate, paid under the PCA, rather than the MCA.)

2.6.2. Article 139, UCMJ Claims Exception. If a claim is cognizable under Article 139 of the Uniform Code of Military Justice (UCMJ), it should be investigated and potentially paid under that process first (see AFI 51-501).

**2.7. Handling Claims Resulting From Negligent Acts of Third Parties.** Generally, claims for which a third party may be liable should not be paid under the PCA. Exceptions to this rule may be found in Paragraph 2.24 and include Government Bill of Lading (GBL) carriers, contract carriers, and warehousemen. Claims personnel can refer claimants who suffer loss or damage to personal property resulting from the fault or negligence of a GBL carrier, Contract Carrier, or warehouseman (collectively referred to as Transportation Service Providers or TSPs) who moved or stored their goods (HHGs and POV claims) to the carrier or warehouseman if the shipment moved under a Full Replacement Value contract. While claimants maintain their independent right to file a claim against a carrier, contractor or warehouseman, they may file such claims directly against the Air Force under the PCA.

#### *Section 2B—*

**2.8. Who May File a Claim.** These individuals may file a claim:

- 2.8.1. A proper claimant.
- 2.8.2. An authorized agent or legal representative of a proper claimant.
- 2.8.3. A survivor of a deceased proper claimant. See Paragraph 2.10.

**2.9. Defining Proper Claimants.** The following categories of individuals qualify as proper claimants under the PCA:

- 2.9.1. Active duty Air Force personnel.
- 2.9.2. Retired or separated Air Force military personnel who suffer loss or damage resulting from the last entitled storage or movement of their personal property.
- 2.9.3. Air Force Reserve Command (AFRC) and Air National Guard (ANG) personnel for an incident that occurs while they are performing federally funded active duty, inactive duty for training, or full-time National Guard duty.
- 2.9.4. ANG technicians under 32 USC § 709.
- 2.9.5. Civilian employees whom the Air Force pays from appropriated funds.
- 2.9.6. Civilian employees of the Defense Commissary Agency (DeCA) who work on an Air Force installation.
- 2.9.7. DoD Dependent School (DoDDS) teachers and administrative personnel employed at schools on or serviced by Air Force installations.

2.9.8. AF Reserve Officer Training Corps (ROTC) cadets while traveling at Government expense or on active duty for summer training.

2.9.9. US Air Force Academy cadets.

## **2.10. Survivors of Deceased Proper Claimants.**

2.10.1. Survivors of deceased proper claimants may file a claim for the decedent's loss. Only one survivor may file. The following is a list of proper survivors in order of priority:

2.10.1.1. Spouse.

2.10.1.2. Child.

2.10.1.3. Father or mother.

2.10.1.4. Brother or sister.

2.10.2. The highest priority survivor may file a claim. If two or more people are equal in order, the first claim filed eliminates the right of all others to file.

2.10.3. The estate of a deceased claimant is not a proper claimant, nor is an executor or personal representative.

## **2.11. Members or Employees of Other Armed Forces or Agencies.**

2.11.1. By agreement among the services, the gaining service processes a personnel transportation claim from a civilian employee transferring to that service. This includes civilian employees who have gone from active duty in a military service to civilian employment with a different service (the gaining service).

2.11.2. The services have signed a memorandum of understanding that the service controlling the installation where a DeCA claimant is assigned adjudicates and settles that claimant's personnel claims.

## **2.12. Joint Spouses as Proper Claimants.** Military members married to military members are each proper claimants.

2.12.1. Each individual may file a claim for his or her separate or jointly owned property, but should ensure that no duplication exists between their claim and the spouse's claim.

2.12.2. If no duplication exists, each member may receive up to the statutory maximum.

## **2.13. Defining Those Who Are Not Proper Claimants.** Persons, organizations, or groups that do not fall into any of the categories in paragraphs 2.9 through 2.12 are not proper claimants, agents or survivors, and the CSC denies such claims. Examples of improper claimants include:

2.13.1. Insurers, subrogees, and assignees of proper claimants and other similar third parties.

2.13.2. Lien holders and conditional vendors.

2.13.3. Employees of Government contractors.

2.13.4. Independent contractors.

2.13.5. Red Cross and United Service Organization (USO) personnel.

2.13.6. Military personnel of foreign governments.

2.13.7. Former spouses and other ex-family members are not proper claimants, even if they receive property by court order. Former spouses and other ex-family members may file a claim only as a proper claimant's agent in accordance with paragraph 2.15.

**2.14. Nonappropriated Fund Instrumentality (NAFI) Employees.** NAFI employees are not proper claimants under the PCA. However, such claims are accepted and processed consistent with this Instruction and forwarded to the NAFI for action. Claims personnel shall never pay a NAFI claim under the PCA using appropriated funds. (T-0)

2.14.1. NAFIs include the Army and Air Force Exchange Service (AAFES) and other instrumentalities of the Air Force supported by nonappropriated funds as described in AFI 34-201, *Use of Nonappropriated Funds (NAFS)*.

2.14.2. While NAFI employees are not proper claimants under the PCA and the CSC does not pay their claims, the CSC receives, processes, adjudicates, and settles such personnel claims consistent with this Instruction. The CSC then forwards the file to the proper authority for payment. This may include initial assertion of carrier, contractor, or warehouseman recovery claims.

2.14.3. Forward all AAFES claims payable for any amount to: HQ AAFES, FA-T/RM, P. O. Box 650428, Dallas, TX 75265-0428.

2.14.4. Send civilian welfare NAFI claims for payment or collection of more than \$100 to Air Force Civilian Welfare Fund, 2261 Hughes Ave., Ste 156, Lackland Air Force Base, Texas 78236, and for \$100 or less to the local civilian welfare NAFI which gave rise to the claim.

2.14.5. Send all other Air Force NAFI claims for payment or collection of \$500 or more to AF Services Agency (HQ AFPC/SVXHI, 2261 Hughes Ave., Ste 156, Lackland Air Force Base, Texas 78236), and for less than \$500 to the local NAFI which gave rise to the claim.

**2.15. Claims Filed by Agents.** The authorized agent of a proper claimant may file on behalf of the claimant if the agent has been granted power of attorney or granted guardianship through a court order. The proper claimant can also authorize their spouse (not any other person) via the website. The CSC website provides the spouse a user ID and password to allow the spouse to file on the claimant's behalf. **NOTE:** It is not appropriate for a claimant to simply provide a spouse or agent the claimant's user ID and password without a power of attorney or spousal authorization. With a power of attorney, spouses or agents receive their own user ID and password to file on behalf of the claimant.

**2.16. What Constitutes a Claim.** A claim is a written and signed demand against the US or the Air Force for a sum certain (a specified or determinable amount of money). Claims may be submitted in paper form, electronically online at the Air Force CSC website (<https://claims.jag.af.mil>) or through e-mail or fax timely received by proper authority, or transferred from an official DoD claims website. Only one claim may be filed based on a single incident, giving rise to loss or damage. Multiple claims for loss or damage by a claimant based upon a single incident are combined and adjudicated as a single claim.

2.16.1. For specific information on the filing process, see paragraph 2.27.

2.16.2. Signature authenticity. All signatures are presumed to be authentic unless evidence exists to cause claims personnel to question the signature.

**2.17. What Constitutes an Amendment to an Existing Claim.** A request for indemnification for loss of or damage to personal property due to an incident that serves as the basis of an existing claim is an amendment to that claim and not a new claim. For an amendment to be considered payable under the PCA, the claimants file the amended claim prior to the expiration of the statute of limitations. Claimants amend the claim by submitting a written and signed demand or an email to a proper authority at the CSC for specified payment for additional items of personal property lost, damaged, or destroyed as a result of the same incident. An increase only in the dollar amount claimed for an item is not an amendment, and claimants may request such increases, even after the statute of limitations expires.

**2.18. What Constitutes Separate Claims.** A request for indemnification for loss of or damage to personal property due to an incident that has not served as the basis of another claim is a new claim, regardless of how many claims the claimant has pending. A claimant files a separate claim for each incident that causes loss or damage. For personnel transportation claims, claimants file separate claims for each shipment, but usually not for multiple deliveries from the same shipment.

### *Section 2C—*

**2.19. Loss or Damage Incident to Service Required.** By the terms of the PCA, only loss or damage incident to service is payable. Loss or damage is incident to service, if it occurs at a place and time that is connected with the service of an active duty military member or employment of a civilian employee. The connection between service or employment and the cause of property loss also play a role in making the determination.

**2.20. Active-Duty Military Members (Loss Incident to Service).** Because active-duty military members are considered to be on duty 24 hours a day, seven days a week, the determination of whether a claimed loss was incident to service will hinge on: (1) the place and (2) cause of the loss. Paragraphs 2.23 and 2.24 list the locations and causes of loss that are deemed incident to service.

**2.21. Civilian Employees (Loss Incident to Service).** Determining whether a civilian employee's loss or damage is incident to service is often more challenging than with military members. There may be occasions where the Air Force does not pay for a civilian employee's loss or damage, even though it may pay for the same loss or damage as incident to a military member's service. In order for a civilian's loss or damage claim to be considered as incident to service, claims personnel consider and document the following: (1) the time and place the loss or damage occurred, and (2) a direct connection to the civilian's employment or duty.

2.21.1. Time. Generally, loss or damage should occur during actual duty hours to be incident to service. Loss or damage occurring outside duty hours, while on leave or during break time (lunch), is not usually incident to a civilian employee's service. However, there may be circumstances when claims for loss or damage occurring outside of duty hours are payable. Such claims are considered on a case by case basis. Time spent at temporary quarters while on TDY or Permanent Change of Station (PCS) orders are incident to service.

2.21.2. Place. Incident to service losses or damage occur at the employee's duty location (the duty location at the time of loss).

2.21.3. Cause of Loss. Paragraph 2.24 sets out causes and types of loss that (if occurring at the appropriate time and place) are incident to service.

2.21.4. Civilians Assigned Outside the US. Special criteria apply to claims of civilian employees outside the US. When civilian employees are assigned, on official orders, outside the US, including US territories and possessions, their homes may be authorized places incident to their service. This is true even for damage that occurs during non-duty hours.

**2.22. Property Must be Properly Located at an Authorized Place.** In order for a claim to be payable, the claimed property must be properly located at an authorized place. Property damage at an authorized place is presumed to be properly located, unless evidence exists to suggest that its placement was unreasonable under the circumstances. In other words, there must be some connection between the claimant's service and the location of the property. This service connection exists, not only when the member is performing official duties, but also whenever the claimant or family members living with the claimant possess property while participating in activities or using facilities open to them only by virtue of the claimant's status as a military member. In situations where no connection to military service can be perceived, the claim is not payable.

**2.23. Locations Incident to Service (Quarters and Other Authorized Places).** Settlement authorities pay for loss or damage only if it occurs at authorized places. Authorized places include:

2.23.1. Government Housing. Government-owned or Government-leased housing assigned or otherwise provided to a military member is considered an authorized place. The PCA specifically prohibits payment for loss or damage in quarters within the US that the Government does not assign or provide.

2.23.1.1. Privatized Housing. Privatized housing is housing provided to a member by the Air Force (in kind) through contracts, leases, financing and other agreements with a third party and can be located both on and off military installations.

2.23.1.2. Privatized housing is considered Government housing for the purposes of the PCA, provided housing is within the fence line of a military installation or on federal land in which the DoD has interest.

2.23.2. Quarters Outside the US. Outside the US, authorized off-base quarters, as well as assigned quarters, including quarters in US territories and possessions, are authorized places. This is true of both military members and civilian employees.

2.23.2.1. Settlement authorities do not consider a civilian employee's residence an authorized place if the claimant is a local inhabitant.

2.23.2.1.1. Consider an overseas civilian employee, who is not a US citizen, to be a local inhabitant.

2.23.2.1.2. Consider a US citizen, who becomes a civilian employee while residing abroad, to be a local inhabitant.

2.23.3. TDY Quarters. Authorized temporary quarters anywhere, including hotels, motels, guesthouses, dormitories, and billeting rooms that the claimant occupies during TDY are authorized places. Temporary quarters during permissive TDY are only authorized places if on a military installation.

2.23.4. PCS temporary quarters locations. Temporary quarters when a member or employee is in PCS status are authorized places. However, if a claimant significantly deviated from a direct travel route, the location is not an authorized place.

2.23.5. Travel En Route. Locations en route pursuant to travel on Government PCS or TDY orders are authorized places. However, if claims personnel determine the claimant significantly deviated from a direct travel route, the location is not an authorized place. Permissive TDY locations en route are not authorized places.

2.23.6. Privately Owned Vehicles Parked at an Authorized Place. Privately owned vehicles parked at an authorized place are themselves authorized places. Damage to or loss of items in the vehicle or to the vehicle may be paid if the time and cause of loss are also incident to service and otherwise payable under the PCA. However, privately owned vehicles are not authorized places if:

2.23.6.1. The vehicle is being driven for routine use such as to and from a duty location.

2.23.6.2. The owner has failed to register or insure the vehicle in compliance with state laws or Air Force requirements.

2.23.7. Privately Owned Vehicles Authorized for Official Use. When a claimant is authorized by the Government to use a privately owned vehicle during military duty, that vehicle is an authorized place, i.e., the claimant is authorized to drive his or her POV on a TDY. Damage to or loss of items in the vehicle or to the vehicle may be paid if the time and cause of loss are also incident to service. Orders, or other documentary evidence, must reflect authorization to use a POV at the time an incident occurs before any claim for loss or damage can be adjudicated in favor of the claimant.

2.23.8. Personal Property Shipped or Stored at Government Expense. Goods in the possession of a TSP, contractor, or warehouseman while being shipped or stored at Government expense are in authorized places. Government facilities where property is stored at the claimant's expense or for their convenience without an entitlement are NOT authorized places for the purpose of this provision. Examples of locations that would not be authorized for the purposes of this provision include but are not limited to:

2.23.8.1. Resale lots (to include "Lemon Lots").

2.23.8.2. Storage lots such as recreational vehicle lots, marinas, or any location designed or utilized for the sole purpose of storing personal property.

2.23.9. Personal Property Otherwise Shipped or Stored.

2.23.9.1. When a claimant is entitled to file a claim for delivery out of storage at Government expense after a period of both Government storage and storage at the claimant's expense, attribute any loss or damage to storage at Government expense unless specific evidence exists of when the loss or damage occurred.

2.23.9.2. Claimants receive an incentive payment for Personally Procured Moves (PPM). Formerly known as "do-it-yourself" or DITY moves, members do their own packing, loading, transporting, off-loading, and unpacking of the property in a PPM. Settlement authorities pay only for loss or damage to property during a PPM move resulting from events outside claimant's control.

2.23.10. Duty locations. Locations where personal property is used, stored or held because of official duties are authorized places. Recognized duty locations MAY include:

2.23.10.1. Any place on a military installation not otherwise excluded by this instruction.

2.23.10.2. In any office, building, recreation area, or real estate the Air Force or any other DoD element uses or controls.

2.23.10.3. Any place a military member is required or ordered to be pursuant to their duties, while performing such duties.

2.23.11. Entitlement or Benefit Locations. Locations where property is used, or stored for use at that location as part of an entitlement or benefit, such as the employee lockers at the commissary or member lockers at the golf course, are authorized places. However, for the site to be an authorized place the claimant must have used it for its intended purpose and the property located at the site must be reasonably linked to that use. Claimants should show that precautions and security measures were taken to the extent possible to prevent incidents of loss or damage from occurring.

**2.24. Payable Causes of Loss Incident to Service.** Because the PCA is not a substitute for insurance, settlement authorities pay for loss or damage at quarters and other authorized places, during duty hours (24/7 for active military), only if caused by: (1) an unusual occurrence, (2) theft, vandalism or other malfeasance, (3) hostile action, (4) a carrier, contractor or warehouseman storing or moving goods or privately owned vehicles at Government expense, (5) an agent of the US, or (6) a permanent seizure of a witness's property by the Air Force.

2.24.1. Unusual Occurrences. Settlement authorities pay for loss or damage at quarters and other authorized places if caused by an unusual occurrence. For a hazard to be an unusual occurrence it must be outside the normal risks of day-to-day living and working. Unusual occurrences are never continuous conditions. The CSC determines what constitutes and what qualifies as an unusual occurrence. Examples of unusual occurrences may be:

2.24.1.1. A suddenly occurring, substantial defect in a building.

2.24.1.2. Violent natural events, such as hurricanes, typhoons, tornadoes, earthquakes, or volcanic eruptions, that are unanticipated and over which no one has any control.

2.24.1.3. Fires, regardless of whether the fire was caused by an Act of God or by human fault, such as faulty wiring or arson. Do not pay for fire loss or damage caused by the wrongful or negligent conduct of the claimant, their dependents, their agent, houseguest or other persons with a contractual relationship with those previously mentioned.

2.24.1.3.1. Potential claimants should maintain their quarters and supervise small children to minimize the risk of fire. Failure to do so is negligence.

2.24.1.3.2. Settlement authorities are not bound by a police report or report of survey stating that the claimant was not negligent, but reach an independent conclusion based on all the evidence.

2.24.1.4. Flooding caused by weather conditions or burst pipes in quarters.

2.24.2. An event of a common nature that occurs to an unexpected degree of severity. Typically, customary and reasonable precautions, based upon local conditions, have failed to protect against damages in this scenario. Some examples include:

- 2.24.2.1. Storms of extreme intensity that causes damage to an unexpected degree of severity for that locale.
- 2.24.2.2. Power surges affecting electrical or electronic devices, when lightning has actually struck the claimant's residence or objects outside the residence, such as the transformer box.
- 2.24.2.3. Power surges affecting electrical or electronic devices, when power company records or similar evidence show that a particular residence or group of residences was subjected to a power surge of unusual intensity.
- 2.24.2.4. Power outages of enough length to spoil food.
- 2.24.2.5. The falling of a large tree or a significant portion of one.
- 2.24.2.6. Infestation by termites, other insects, or rodents, if such infestations are rare in the local area and a reasonably prudent person would not have taken preventive action.
- 2.24.3. Regularly occurring events are not unusual occurrences. Some examples include:
  - 2.24.3.1. Routine or regularly occurring storms.
  - 2.24.3.2. Ice and snow sliding off a roof onto a vehicle or object.
  - 2.24.3.3. Falling branches or sap settling on vehicles.
  - 2.24.3.4. Common, minor deficiencies in buildings that are known to the claimant and cause predictable damage to personal property.
  - 2.24.3.5. Infestation by termites, other insects, or rodents in areas where such infestation is common, well known, and individuals can take effective precautions.
  - 2.24.3.6. Gradual deterioration of furniture and other items due to climatic conditions, such as cracking or shrinkage of wooden panels in an extremely dry area.
  - 2.24.3.7. Vehicle collisions, including those with deer or other animals and objects such as shopping carts.
  - 2.24.3.8. Structural or mechanical failures in vehicles, appliances, electronics or any other item caused by normal operation or wear and tear and expected during the life of the item.
- 2.24.4. The following situations are not unusual occurrences and should be investigated IAW AFI 51-501:
  - 2.24.4.1. Spotting, etching, discoloration, or other damage allegedly caused by airborne chemicals or other discharges from Air Force activities. Consider the discharge to be an unusual occurrence only when investigation reveals that unusual weather conditions caused it.
  - 2.24.4.2. Paint over-spray.
  - 2.24.4.3. Errant objects from ball fields and golf courses (e.g., baseballs and golf balls) and rocks thrown up by lawn mowers, weed-eaters, or vehicles.
  - 2.24.4.4. Damage to moving vehicles caused by defects or foreign objects in the roadway.

2.24.5. Theft, Robbery, Larceny, Burglary, Housebreaking, Vandalism and other Malfeasance. Settlement authorities pay for the intentional, wrongful taking of or damage to property that occurs at quarters, or at other authorized places during duty hours (24/7 for active military members).

2.24.5.1. A claimant who fails to report a criminal taking of his or her property immediately, or as soon as practical, may fail to prove that a theft occurred.

2.24.5.2. Where the perpetrator of a crime (that served as the basis of the claim) has been identified, settlement authorities may suspend the claim if a good chance exists that the claimant can obtain payment for the loss or damage. However, if a responsible party cannot pay the claim quickly and without undue burden, the claim should be adjudicated under the PCA. Settlement authorities never deny a claim solely because a perpetrator has been identified.

2.24.6. Privately Owned Vehicle (POV) Theft and Vandalism. Due to the mobility of vehicles, settlement authorities require a higher degree of evidence than in other cases to show that the damage or loss actually occurred at quarters or an authorized place. Unless claimants prove that such damage occurred at the appropriate time and at an authorized place, claims for damages to vehicles are not payable.

2.24.7. POV Hit and Run Claims. Generally, settlement authorities do not pay for loss of or damage to a POV caused by hit and run. Settlement authorities may consider payment for damage to a POV caused by a hit and run, only if the vehicle was used while performing temporary duty away from the claimant's home station and the use is specifically authorized on their Government orders.

2.24.7.1. For POV claims to be considered meritorious for theft, vandalism or hit and run, claimants provide:

2.24.7.1.1. Evidence of the location where the damage or loss was first discovered (if the place of discovery and the location of the incident are not the same). This evidence is verified by a police report.

2.24.7.1.2. A statement from a witness who either saw the event or can confirm the vehicle's presence during the time period the damage occurred.

2.24.7.1.3. Other evidence proving the location of the vehicle when loss or damage occurred.

2.24.8. Enemy Action, Hostile Acts, Confiscation, Evacuation, or Public Service. Settlement authorities pay for loss or damage that results directly from:

2.24.8.1. Enemy action or threat, including combat, guerrilla, or other belligerent activities, whether or not the US was involved. This includes action to prevent capture or confiscation.

2.24.8.2. Acts of mob violence, terrorist attacks, or other hostile acts directed against the US, military members, or employees.

2.24.8.3. Unjust confiscation of property belonging to Air Force members or employees by a foreign government or its nationals. The term "confiscation" includes situations in

which an unjust change or application of foreign law forces surrender or abandonment of property.

2.24.8.4. Action by the claimant in an attempt to:

2.24.8.4.1. Stop a civil disturbance.

2.24.8.4.2. Assist during a public disaster.

2.24.8.4.3. Save a human life.

2.24.8.4.4. Save Government property.

2.24.8.5. Evacuation from a foreign country on the recommendation or order of competent authority, in response to an act of political unrest or a hostile act by people in that country.

2.24.9. GBL Carriers, Contract Carrier or Storage Company. Damage caused by carriers or storage companies storing or moving goods at Government expense are types of loss incident to service. Settlement authorities consider property lost or damaged in shipment at Government expense to be lost or damaged incident to service, even if the shipment is overweight and the claimant pays part of the shipping costs.

2.24.10. Loss of Money Delivered to an Agent of the US. Settlement authorities pay for the loss of money delivered to Government personnel authorized or apparently authorized to accept funds.

2.24.11. Property of a Victim or Witness Held as Evidence. If authorities hold property belonging to the victim or witness of a crime as evidence for an extended time, and, the loss or damage of the property creates a hardship on the victim, settlement authorities may (at the request of the witness or victim) consider the property permanently lost, retain it and if a properly authorized claimant, pay for the loss or damage. Such items should be turned over to Defense Reutilization Marketing Office (DRMO) when no longer needed.

2.24.12. Property of an Accused. Settlement authorities do not pay a person suspected or accused of an offense for property seized as evidence from them.

2.24.12.1. EXCEPTION: If competent authority find the suspect or accused not guilty of the offense for which the property was seized, then settlement authorities may pay claims for loss, damage, or destruction of that property.

**2.25. Maximum Allowable Payments.** Consistent with the paragraph 2.38 on quantities and qualities in Section 2E, the military claims services have created the Allowance List - Depreciation Guide. This guide notes the maximum amount payable under the PCA for certain items and categories of items. These amounts are considered to generally reflect the amount of a given type of property that is reasonable or useful to possess under the circumstances. Apply the maximum allowable payments when adjudicating personnel claims.

2.25.1. Authority to Waive the Maximum Allowable:

2.25.1.1. Generally, maximums exist because payment under the PCA is limited to items of a quantity and quality that are reasonable or useful to the average person. To the extent a claimant owns property beyond this threshold, he or she is expected to provide private insurance coverage or accept the risk of loss. The Air Force recognizes that the

maximum allowable amounts may not be appropriate in all cases. As such, the Chief or Deputy Chief of the CSC may waive maximums when it is determined to be an appropriate payment.

2.25.2. Process for Waiving the Maximum Allowable:

2.25.2.1. Claimants are not required to request a waiver of the maximum allowable; consideration for waivers is automatic.

2.25.2.2. The claims examiner will create a memo for record (MFR) when a waiver is applied that provides the facts determining the decision to waive the maximum. (T-3) If the waiver is not approved up to the full-adjudicated amount of the relevant item(s), the MFR will provide the reason for this determination. (T-3) The MFR shall be placed into the claims file. (T-3) The waiver of a maximum allowable must be considered prior to the final settlement of the claim itself. (T-3)

**Section 2D—**

**2.26. Time Prescribed for Filing (Statute of Limitations).** In accordance with the PCA, settlement authorities pay no claim under this chapter filed after the two-year statute of limitations has expired.

2.26.1. Authorities may not waive the statute of limitations (SOL), even if the claimant alleges or proves erroneous advice by claims personnel.

2.26.2. Generally, the two-year period for filing a claim begins:

2.26.2.1. At the time of the incident causing the loss or damage; or

2.26.2.2. At the time when the claimant discovered or should reasonably have discovered the loss or damage.

2.26.3. The two-year period for filing transportation loss or damage claims normally begins on the last date of delivery or upon notification of a total loss for a shipment.

2.26.4. The two-year period for filing loss or damage from storage at Government expense normally begins when:

2.26.4.1. The claimant receives notification of a total storage loss;

2.26.4.2. The claimant is able to assess the extent of the loss or damage. Normally, this assessment occurs when a Government carrier delivers the goods out of storage. If claimants choose to retrieve their personal property on their own, they should complete a DD Form 1840, *Joint Statement of Loss or Damage at Delivery*, prior to leaving the facility with their items;

2.26.4.3. The claimant's storage entitlement at Government expense expires and there is no further Government involvement in the shipment; or

2.26.4.4. A Government carrier delivers the property from storage after the Government entitlement expires.

2.26.5. In computing the two-year period, if the last day falls on a non-workday (a Saturday, Sunday, or legal holiday), claims personnel extend the two years to the next workday for

physical claims forms mailed through the US Postal or military postal system. For claims filed on-line or emailed to the CSC, an extension is not warranted.

2.26.6. The CSC determines whether any extension of SOL is warranted. The two-year SOL may be extended if the claimant can demonstrate the following two elements:

2.26.6.1. The two-year period began:

2.26.6.1.1. Within two years before the US enters a war or armed conflict, OR

2.26.6.1.2. During a war or an armed conflict involving the US; and

2.26.6.2. Good cause for delay in filing the claim related to an armed conflict.

2.26.7. Any extension of the SOL expires not later than two years after the earlier of:

2.26.7.1. The end of the US participation in the war or armed conflict.

2.26.7.2. The end of any period of captivity.

2.26.7.3. The date the good cause for delay in filing the claim ceased to exist.

**2.27. Filing (Presenting) a Claim.** A claimant has officially filed a claim under this Instruction when it is submitted in one of the following ways:

2.27.1. A claim submitted through the mail has been deemed presented when it has been properly addressed and received at the CSC.

2.27.1.1. For purposes of the PCA only, a claim submitted in accordance with the preceding paragraph is considered to have been received at CSC when postmarked by the United States Postal Service. This paragraph does not apply to other delivery service (e.g. FEDEX, DHL, UPS, etc).

2.27.2. Claimants may file a claim by facsimile (fax) or by scanning and emailing the signed DD Form 1842, *Claim for Loss or Damage to Personal Property Incident to Service*, and additional documents to the CSC. A claimant has officially presented a faxed or e-mailed claim when a facsimile machine at the CSC receives it. Confirmation notice received by the claimant on his or her facsimile machine or e-mail does not satisfy the requirement of receipt by the CSC.

2.27.3. An electronic claim submitted to the CSC website online is deemed presented when the claimant acknowledges the disclaimer and presses the submit button. The DD Form 1842 is no longer required for electronically filed claims.

2.27.4. The CSC is the military claims office (MCO) for the Air Force. An electronic claim transferred to the Air Force from an official DoD claims website is deemed presented when the claimant has performed the tasks necessary to transfer the claim. In the DPS, individual line items are transferred by pressing the "Transfer to MCO" button on the claims menu on each separate line item.

2.27.5. Claimants may file a claim by personally delivering a signed DD Form 1842 and additional documents to the CSC or an AF base legal office. For those installations where there is no AF base legal office (e.g., joint bases where another Service has primary responsibility for mission support), claimants should file with the CSC (<https://claims.jag.af.mil>) or the closest servicing AF legal office.

**2.28. Improper Filing of Claims.**

2.28.1. Receipt by a National Guard or Reserve unit or by a Federal Agency outside the DOD does not constitute a proper filing.

*Section 2E—*

**2.29. Loss Generally Payable Under the PCA.** Settlement authorities only pay claims for the loss of or damage to tangible personal property owned by the claimant and immediate family members residing with the claimant who qualify as dependents. Property owned by claimants includes items properly leased, rented, or borrowed.

**2.30. Types of Property Properly Payable (Tangible Personal Property).** The PCA only authorizes payment for loss of or damage to tangible personal property. Payment is not authorized for real or intangible property.

2.30.1. Real Property. Real property includes land and whatever is permanently erected, growing upon or affixed to land (fixtures). Settlement authorities do not pay for damage to real property.

2.30.2. Intangible Property. Settlement authorities do not pay for the loss of or damage to intangible property, because individuals who lose such property still retain their property rights. Examples include (but are not limited to):

2.30.2.1. Non-negotiable stock certificates.

2.30.2.2. Promissory notes.

2.30.2.3. Bonds.

2.30.2.4. Insurance policies.

2.30.2.5. Bank books (Register/Ledgers).

2.30.2.6. Bills of lading.

2.30.2.7. Art objects, documents or other property that the claimant made or wrote.

2.30.2.7.1. Settlement authorities pay for the value of the materials used in creating such items.

2.30.2.7.2. Settlement authorities pay for such items if the claimant can demonstrate an independently established marketable value for the object or document. The existence of such a market value would make the item tangible personal property.

2.30.3. Negotiable Instruments. Settlement authorities pay for the loss of or damage to a negotiable instrument, such as a check, only if the claimant can show that the bank or institution that issued the instrument cannot reissue it or otherwise provide payment.

**2.31. Repair and Replacement Expenses.** In addition to tangible personal property, settlement authorities may pay for certain expenses associated with the repair or replacement of personal property, including sales tax, shipping and handling fees, pick-up and delivery fees, estimate fees, hazardous waste fees and appraisal fees (see paragraph 3.31).

**2.32. Fees for Obtaining Certain Documents.** Settlement authorities pay fees for replacing official documents (originals or certified copies only) created by a third party which have a cost

associated with replacement. However, settlement authorities do not pay in advance of actually incurring the cost of replacement. Paid receipts may be required before the claimant can be paid. Settlement authorities pay for birth certificates, marriage certificates, college diplomas, passports, or similar documents if lost or damaged incident to service.

2.32.1. Pay only for replacing necessary, official documents with a raised seal.

2.32.2. Do not pay for:

2.32.2.1. Documents that are representative of value, such as stock certificates.

2.32.2.2. Personal letters or records created by the claimant.

**2.33. Incidental and Consequential Damages.** Award under the PCA is limited to compensation for actual loss of or damage to property. Settlement authorities may not pay for incidental expenses or consequential damages connected with the loss of or damage to personal property, including:

2.33.1. Costs of preparing a claim.

2.33.2. Costs associated with loss of use.

2.33.3. Attorney's fees.

2.33.4. Inconvenience expenses, such as the cost of lodging or food while awaiting arrival of a shipment.

2.33.5. Cost of transporting the member or member's family.

2.33.6. Telephone calls.

2.33.7. Financial losses due to canceled orders.

2.33.8. Cost incurred due to canceled leave.

2.33.9. A claimant's own labor charges.

**2.34. Normal Wear and Tear.** Claims personnel do not pay for normal wear and tear to personal property. Normal wear and tear is any damage to property that is reasonably expected from the normal use of the property. This includes mechanical failure or other damage to parts that are designed to be replaced during the life of the property. For example, minor dents or chips caused by driving a vehicle or minor scratches on furniture are normal wear and tear. Similarly, wearing out of a vehicle clutch, brakes or other mechanical device is also normal wear.

### *Section 2F—*

**2.35. The Reasonable or Useful Requirement.** The PCA states that settlement authorities may pay a claim only when the claimant's possession of the property claimed was reasonable or useful under the circumstances.

**2.36. Determining Reasonable or Useful.** While some property is never reasonable or useful to possess, most reasonable/useful determinations will be based upon the circumstances surrounding possession. Claims personnel should use their experiences and those of others, insight and common sense to determine if a reasonable person would possess a particular item at

a given place or time. For example, some items that are perfectly reasonable to possess in quarters serve no useful purpose in the field or on temporary duty (TDY) travel.

2.36.1. In general, the workplace is not a proper place for storing personal property other than tools and equipment. Items such as televisions are not considered reasonable or useful. However, coffeepots, radios, microwave ovens, decorative items such as pictures or plants, and items such as professional books, are normally reasonable and useful to keep at the workplace.

2.36.2. As a general rule, \$200 cash on the person and \$300 cash in quarters is the maximum reasonable amount to possess. However, if the claimant has a valid and substantiated reason for possessing more than that amount, it could be considered reasonable for purposes of this AFI. No amount of money is considered reasonable for shipment or storage.

2.36.3. The only items deemed appropriate to ship with a vehicle or store in a parked vehicle are child car seats, tools for emergency road repairs, spare tires, snow or mud tires, the catalytic converter and components, and small comfort items like thermos bottles or car cushions. For campers or other recreational vehicles, at an authorized location, items normally used for such activity such as; sleeping bags, lanterns, outdoor paddles, oars, and utensils, may be stored in the vehicle and considered reasonable and useful.

**2.37. Personal Items, Tools, and Other Equipment Used to Perform Official Duties.** Personal items, tools and other equipment are generally not useful or reasonable to possess in the work place during duty hours. Normally, Air Force personnel do not have a reasonable need to use their personal items for official duties. For example, privately owned personal computers are generally inappropriate for use in performing official duties.

2.37.1. Settlement authorities may pay for loss of or damage to personal tools and equipment only if the claimant used them to perform assigned tasks on a temporary basis with the expressed authorization of a supervisor or commander, or the use was so brief or limited that it would not be reasonable to expect authorization.

2.37.2. Settlement authorities may pay for useful personal items such as diplomas, pictures, and books that one would expect to find in the workplace setting, as long as the quantity and value of the items possessed was reasonable.

**2.38. Quantities and Qualities of Property.** The quantity and quality of items should also be looked at in order to determine whether property loss or damage was reasonable or useful under the law.

2.38.1. Settlement authorities should consider whether quantities of property far in excess of what a claimant can use under the circumstances violate the reasonable or useful rule.

2.38.2. Settlement authorities should consider the quality of property (both exceptionally high and low) in their reasonable/useful evaluation. Items that were old or broken and had no value or could not be used for their intended purpose prior to the loss or damage are by definition not useful under the law. Items of exceptionally high value, such that they require special handling, protection and security may not be reasonable for the average person to possess under the PCA.

**2.39. Items Stored in Lockers.** As a general rule, it is reasonable to store up to \$250 worth of property, to include \$100 cash, in a locker. Settlement authorities may pay more than \$250 if justification exists.

**2.40. Property Never Deemed Reasonable or Useful.**

2.40.1. Because the Air Force does not consider business property to be reasonable or useful for military service or employment, settlement authorities do not pay for property that claimants acquire and keep for resale, or for use in a private business or enterprise.

2.40.1.1. Settlement authorities pay for items that claimants acquire for both personal and business use, only if the business use is incidental and the item is of the type commonly owned for personal use. However, settlement authorities never pay for items lost or damaged while the claimant is using them for business.

2.40.1.2. Settlement authorities do not pay for an item occasionally used for business if the item is designed for professional use and is not normally intended for personal use.

2.40.2. Settlement authorities do not pay for contraband and other items that claimants illegally acquire, possess, or transport.

2.40.3. Settlement authorities do not pay for loss or damage when the owner fails to properly register or insure property, such as a vehicle, in compliance with a contract, state law, Air Force Instruction, or installation requirements.

2.40.4. Settlement authorities do not pay for items whose only purpose is to violate the law, such as radar detectors.

2.40.5. Settlement authorities do not pay for money (other than coin or currency collections), expensive jewelry (i.e. more than \$1000) or other items highly subject to pilferage that are lost in shipment or storage at Government expense. CSC recommends that those items be separately insured and securely transported or hand carried. Carriers, contractors, or warehousemen may still be liable for such losses, especially if those items are listed on a high risk/high value inventory.

2.40.6. Settlement authorities do not pay claims for enemy property or war trophies procured by the claimant.

## Chapter 3

### ADMINISTERING, PROCESSING, AJUDICATING AND PAYING PERSONNEL CLAIMS

#### *Section 3A—*

**3.1. Publicity.** The CSC has overall responsibility to provide guidance and updates for claims covered by this Instruction. They may however, request installation legal office assistance in publicizing specific information.

**3.2. Base Emergency Support and Disaster Relief.** Base legal office personnel are the critical first responders to any event with significant impact on claims, to include any major incident, natural disaster, or an event deemed an “unusual occurrence” under the PCA (see paragraph 2.24.1). The Staff Judge Advocate (SJA) will ensure the base leadership is aware of this responsibility. (T-1) The base legal office will educate the base population on the claims process and claims issues that may arise as a result of a major incident or natural disaster. (T-3)

3.2.1. Legal offices at active duty installations may utilize the following forums to present and address key claims issues to the base population: speaking at newcomer’s orientation and commanders’ calls, publishing articles in the local newspapers, and coordinating with Family Services and Traffic Management Offices (TMO) concerning the “Smooth Move” Program.

3.2.2. Base legal offices will brief, as appropriate, the base community on the availability and circumstances under which partial and emergency partial payments can be made (see paragraph 3.8). (T-3)

3.2.3. Should an event happen on an installation that could lead to a large volume of claims being filed against the AF, the SJA will make the initial report of the event to the CSC using the quickest means possible. (T-3) Once such a report is made, the SJA will provide updates as appropriate. (T-3) If the initial report was not made in writing, a follow-up written report should be submitted as soon as practical. Examples of significant claims events may include but are not limited to:

3.2.3.1. Natural disasters, such as severe weather, floods, and fires, or any other major incidents involving wide-scale loss of or damage to personal property and/or requiring expert advice, assistance, or numerous emergency partial payments.

3.2.3.2. Incidents and investigations (UCMJ, DoD, or other) of fraud, waste or abuse in claims covered under this Instruction.

3.2.3.3. Incidents involving claims that may receive widespread media coverage.

3.2.4. At a minimum the SJA should include the following in the written report:

3.2.4.1. The type of incident/disaster to include the date and time (if known) and the cause (if applicable) of the event.

3.2.4.2. Information on whether or not the base claims response team was activated, and if activated, an estimated or actual time the team arrived to the scene.

3.2.4.3. The number of deceased or injured (if applicable).

3.2.4.4. The extent of property damage with an estimate of the number of potential claims and the dollar amount of damage.

3.2.4.5. The need for emergency or partial payments.

3.2.4.6. The status of cash funds available at the installation for immediate payment.

3.2.4.7. Potential or actual need for additional claims personnel, equipment, or expertise.

3.2.4.8. Any other pertinent information.

3.2.5. Base legal office personnel should visit the incident/disaster site, if possible, and get first-hand view and understanding of the devastation. The CSC and/or AFLOA/JACC should be notified of revised estimates as quickly as possible.

**3.3. Responding to Events with Significant Claims Impact.** The SJA will ensure base legal personnel are properly trained, equipped, and prepared to set up claims operations and provide claims support in response to such events. (T-3) Where circumstances prevent the base legal office at the affected installation from responding, the legal office closest to the affected installation will take on the role of critical first responders. (T-3) Upon request by the SJA of the affected installation, through the appropriate chain of command, AFLOA/JACC may provide equipment and/or personnel to assist and augment the base legal office's claims mission.

**3.4. Field Augmentation Support Team.** The Chief, AFLOA/JACC or their designee will train and equip a Field Augmentation Support Team (FAST) to provide rapid contingency response by supplementing, substituting, or otherwise assisting local installation claims teams with expertise and on-site claims processing as needed. (T-2) The FAST will consist of trained and experienced AFLOA/JACC personnel or other qualified, designated individuals.

**3.5. Requesting FAST Support.** The SJA of any installation, NAF, DRU, or MAJCOM affected by a major incident, natural disaster, or "unusual occurrence" that may require augmentation by the FAST should request assistance in the following manner: The commander of the affected installation's owning MAJCOM requests assistance through the Air Force Crisis Action Team (CAT). The CAT should inform AF/JA of the request. The request should then flow from AF/JA to AFLOA/CC to JACC, who should in turn mobilize the FAST. To the extent practicable, the SJA should provide AFLOA/JACC with a general assessment of the incident or disaster, the organic assets available to the SJA to provide claims services, the specific nature of the augmentation required, and any other relevant details.

3.5.1. Based on the severity of the emergent circumstances and the volume of anticipated claims, the Chief, AFLOA/JACC may place the FAST on standby, immediately dispatch the FAST, or maintain the status quo, notifying the requestor and the requester's MAJCOM accordingly.

3.5.2. The Chief, AFLOA/JACC will notify the Director, AFLOA/JAC, AFLOA/CC, and TJAG of any decision on requests for FAST support or a decision to mobilize the FAST by providing the relevant details, including the particulars of the request, the degree of anticipated damage, the volume of claims anticipated, and the size, scope, and duration of the FAST's on-scene response (if any). (T-2)

**3.6. Assisting Claimants.** Both the CSC and the active installation legal offices are responsible for assisting claimants as to their respective functions. (T-2) The underlying goal should be to restore claimants to the condition they were in prior to their loss to the extent permitted by the

PCA or other applicable claims statute. To assist the active installation legal offices, the *Claims Service Center Handbook* is available on the CSC website. In addition, CSC provides training to installation legal offices on a periodic basis.

3.6.1. General Guidance. The CSC assists claimants by telephone with highly-trained claims personnel and by maintaining an up-to-date website detailing the claims process. Telephone calls from claimants to CSC shall be answered promptly and courteously. (T-3) In addition, all claims personnel should advise claimants to accurately describe the facts and circumstances giving rise to the claim and assist them through the process of filing a claim on-line. The on-line claims program allows CSC personnel to view the claimant's claims application so claims personnel can address any issues the claimants are experiencing with their on-line claims application.

3.6.2. Guidance for PCA Claims Arising Out of Government Sponsored Transportation.

3.6.2.1. Timely Notice to TSP, Contractor, or Warehouseman of Loss or Damage. Active duty installation legal offices and CSC Personnel shall inform all potential claimants of the obligation to properly notify the carrier, contractor, or warehouseman of Government sponsored transportation. (T-1) Potential claimants should be informed that a failure to properly and timely give notice may result in a reduction or forfeiture of any potential award under the PCA. Under Full Replacement Value (FRV) contracts, a TSP has no obligation to pay claims for which there is no timely notice.

3.6.2.1.1. Household Goods (HHG) Claims. Claimants and delivery personnel may identify losses or damages during the delivery process. No specific format is required but the TSP may provide their own form or use a DD Form 1840, *Statement of Loss or Damage at Delivery*. Claimants also notify the TSP of damages or losses that are identified after their household goods have been delivered. Claimants have 75 days after delivery to make this notification. If the shipment was processed in the Defense Personal Property System (DPS), the notification should be made online through DPS. Otherwise, this notification has no specific format but the TSP may provide their own form or use a DD Form 1840R, Notice of Loss or Damage. These DD forms are commonly referred to as the "pink forms."

3.6.2.1.2. How the Notice Works. Damage or loss discovered during the delivery process should be noted at the time delivery is completed. Regardless of format, the TSP retains a copy and provides a copy of the completed notation to the member at that time. For all later discovered losses or damages, claimants notify the TSP in DPS online within 75 days of the completed delivery. If the notification is made outside of DPS (through a form provided by the TSP, on a DD Form 1840R, or otherwise), the claimant ensures the TSP receives the notification within 75 days. The installation legal office can transmit (dispatch) the notification to the TSP. However, to ensure delivery to the TSP within 75 days, claimants should provide the notification to the installation legal office within 70 days after delivery.

3.6.2.2. Completing the Notification of Loss or Damage.

3.6.2.2.1. There is a comprehensive checklist for the Notification of Loss or Damage on the CSC website. Active duty installation legal office personnel assist claimants by accepting and verifying that information on any notification of loss or damage

after delivery contains the information required for a complete DD Form 1840R prior to dispatching it to the TSP and scanning and uploading a copy to the CSC website. (T-1) A brief description of how to complete the 1840R follows. This is no substitute for the comprehensive checklist on the CSC website, which may be updated based on changing regulatory conditions.

3.6.2.2.2. Claimants are responsible for completing Sections 1 and 2 of the form. When filling out Section 2, claimants need only provide enough information to put the TSP on notice regarding the general type of loss or damage. However, claimants should list as much specific or obvious loss or damage as possible. Each item identified as either missing or damaged is required to include an inventory number.

3.6.2.2.3. Active duty installation legal office personnel complete Sections 3 and 4 of the form and ensure all pages are numbered. Include someplace visible on the form: (T-1)

3.6.2.2.3.1. An estimate of the total amount of loss or damage for the entire shipment. Use the following language: "I estimate my total loss or damage to be \$ \_\_\_\_\_." (T-1)

3.6.2.2.3.2. A request for copies of any repair estimates or inspection reports prepared by the TSP, contractor, or warehouseman or their agent. (T-1)

3.6.2.2.3.3. Request for the TSP to send any inspections or tracer actions to the Air Force Claims Service Center. (T-1)

3.6.2.3. Dispatching Forms. Active installation legal office personnel must review all forms presented and dispatch them to the appropriate TSP, contractor, or warehouseman within 75 days of delivery. (T-1) The date of dispatch must be noted on the form. (T-1) This "dispatch date" must be the date the form was actually sent. (T-1) Any DD Form 1840R received between 70 and 75 days from the date of delivery of claimant's HHGs shall be both mailed and faxed to the TSP. (T-1) The address to which the notice is sent depends upon the type of HHG shipment.

3.6.2.3.1. Direct Procurement Method (DPM) HHG Shipments. Send notice to the name and address noted in block 15c of DD Form 1840.

3.6.2.3.2. All other types of HHG Shipments. Send notice to the name and address noted in block 9 of DD Form 1840.

3.6.2.3.3. Contact the Air Force Claims Service Center for guidance if the information is missing.

3.6.2.4. Dispatching Forms received after 75 days. Claims personnel shall dispatch the DD Form 1840R to the TSP, contractor, or warehouseman even if the form is received after the 75th day. (T-1) This is done because the notification time period may be extended for good cause. Evidence of good cause should be provided by the claimant and dispatched with the DD Form 1840R or soon as possible after dispatch. Good cause includes, but is not limited to, hospitalization or TDY.

3.6.2.5. CSC personnel shall advise claimants not to throw items away before the claim is settled or before the inspection or salvage period ends for any TSP involved. (T-1)

However, claims personnel may advise claimants to dispose of hazardous or unsafe items.

3.6.2.6. CSC personnel shall advise claimants that any involved TSP has the right to inspect damaged items. (T-1) Claimants who refuse this right may forfeit a portion of any award available to them under the PCA or through FRV.

3.6.3. Claims processed under the PCA are normally filed on-line by the claimant at <https://claims.jag.af.mil>. The site requires claimants to first either log-in with their Common Access Card (CAC) from a government computer or the claimant can call the CSC to receive their username and password that allows them to file from home or any other computer. If an individual does not have access to a government computer, they may call the CSC for a user ID and password.

3.6.3.1. The active duty installation legal office will provide claimants who are unable or unwilling to file their claim on-line with a hard-copy claims package for the type of claim they will be filing. (T-1) The active duty installation legal office personnel can find the necessary forms at the CSC website. These forms can be mailed or faxed to the CSC either by the claimant or by the legal office through official mail.

3.6.4. Inspections Requested by the CSC. Active duty installation legal office personnel may assist claimants by performing timely inspections of claimed items as requested by the CSC when it determines that an inspection is necessary to the proper adjudication of the claim. (T-3)

**3.7. Prohibited Assistance.** While claims personnel provide telephone assistance to claimants, they should remember that they represent the US Air Force and not the claimant. Claims personnel may not:

3.7.1. Provide legal advice or produce evidence to support the claim.

3.7.2. Receive any gift, financial reward, share, or interest from any claim other than his or her own personal claim.

3.7.3. Prejudge a claim. Before the settlement authority acts, claims personnel do not:

3.7.3.1. Give any opinion to the claimant about approval or disapproval of the claim.

3.7.3.2. Reveal recommendations that claims personnel make to settlement authorities.

**3.8. Partial Payments.** The CSC may authorize SJAs at active duty installations to make partial payments or emergency partial payments. Active installation legal office personnel coordinate with the local Accounting and Finance office (AFO) and have a current fund cite authorization letter, a copy of which is available on the CSC website, to allow settlement authorities to make an emergency partial payment of \$2,000 or less to a claimant. (T-2) These claims are expedited to alleviate a claimant's hardship.

3.8.1. Only claimants suffering a hardship because of loss or damage payable under the PCA may request such payment. The SJA of the local active duty installation shall determine (in writing) the existence of a hardship. (T-2) Active installation legal offices may issue more than one partial payment to a claimant, if individual circumstances warrant. The combined value of all partial payments in a claim shall not exceed \$2,000.

3.8.2. To receive a partial payment, the claimants:

3.8.2.1. Demonstrate that a hardship exists.

3.8.2.2. File a claim for at least the amount of the partial payment. List enough lost or damaged items to support and justify the full partial payment. Claims personnel may suggest that the claimant list a few high-value items to cover the partial payment amount, rather than providing a lengthy list of small items. The claimant may later amend the claim for the full extent of the loss or damage. Failure to provide required evidence may result in recoument action by the Government.

3.8.2.3. File with their insurance company if they have a private insurance policy that may cover all or part of their loss. If claimants are filing for partial payment while they await insurance company response, a final accounting of payments made by the insurance company for the loss may be necessary. Claimants may be required to reimburse the Government for any payments made that are later covered by the insurance company.

**3.9. Private Insurance Coverage.** Claimants have a personal responsibility to protect themselves from loss or damage to personal property. This includes purchasing insurance from a private insurance company that would protect them from loss involving vehicle damage while it is located on a federal facility.

3.9.1. Personnel Claims with Insurance. Once an incident occurs, e.g., vandalism to their vehicle or theft at home, the claimant first files the claim with the claimant's insurance provider and, once the claim is settled, the claimant may file with the CSC for any amount left unpaid. This may or may not include a deductible. The claimant may choose not to purchase private insurance, in which case the amount of their total potential recovery may be significantly impacted.

3.9.2. HHG and GPOV Claims. Generally, claimants filing for loss of or damage to property from movement or storage at Government expense are not required to file a claim under a private insurance policy (personally procured moves such as DITY or PPM moves are an exception). Claims personnel notify claimants of their obligation to inform the Air Force of any recovery obtained from another source.

### ***Section 3B—***

**3.10. Publicity.** The CSC has the overarching responsibility to publicize the Personnel Claims Program to Air Force personnel. The CSC will do this by ensuring its public and internal websites remain current, distributing information (such as newspaper articles) Air Force wide, and by working with Base Legal Offices to disseminate claims information tailored to base personnel. (T-3)

### **3.11. Claims from CSC Personnel.**

3.11.1. Claims from CSC personnel.

3.11.1.1. These claims are assigned to ensure that no one adjudicating or settling the claim is rated by or in the same flight as the claimant. The assigned examiners should assemble the file, conduct investigations and inspections as needed, adjudicate the claim, and send the claim to the Chief, AFLOA/JACC, for approval.

3.11.1.2. Claimants may not initiate contact with the individual or individuals processing their claims to discuss the merits of their claims. CSC personnel may contact claimants

to request additional information needed to adjudicate the claim and to discuss administrative matters.

3.11.1.3. CSC personnel have 60 days from the date of settlement to file for reconsideration with the Chief, AFLOA/JACC. If full relief is not granted, the file is forwarded to the Director, Civil Law and Litigation Division (AFLOA/JAC) for final settlement on the reconsideration request.

3.11.2. Claims by the Judge Advocate General, the Deputy Judge Advocate General, AFLOA/CC, Director, AFLOA/JAC, and Chief, AFLOA/JACC.

3.11.2.1. Per reciprocal agreement with sister-service military claims office, claims filed by the Judge Advocate General, the Deputy Judge Advocate General, AFLOA/CC, Director, AFLOA/JAC, and Chief, AFLOA/JACC are adjudicated by the sister-service in accordance with the PCA. CSC personnel will process the payment voucher for payment from Air Force claims funds. (T-0)

**3.12. Records Managers and Custodians.** The Chief, CSC, designates CSC personnel to perform the duties of Functional Area Records Managers and Records Custodians within a Flight, as necessary, in accordance with the records disposition schedules in the Air Force Records Information Management System (AFRIMS) on all claims under this instruction for which the CSC is responsible. (T-3)

3.12.1. Claims files contain sensitive personal information and are marked “For Official Use Only” (FOUO). (T-0) Information contained in these files may be exempt from release under the Freedom of Information Act (FOIA). in accordance with DoD 5200.01-V2, *Information Security Program*, AFI 33-332, *The Air Force Privacy and Civil Liberties Program*, and AFMAN 33-363, *Management of Records*. Refer to DoD 5200.01-V2 for specific information on proper FOUO marking requirements.

3.12.2. Sensitive information includes medical and financial information, social security numbers, or other personal information that, if accessed by unauthorized personnel or released to the public, would reasonably be expected to cause an individual harm or public embarrassment. Sensitive information includes but is not limited to an individual's home address, phone number, social security number, dependent identification, date of birth, race or marital status. Sensitive personal information can include photographs.

**3.13. Records Databases.** Personnel in each flight should manage information from the Armed Forces Claims Information Management System (AFCIMS), and any computerized database utilized in filing electronic claims.

**3.14. Disclosing Information and Releasing Records.** CSC personnel who receive requests for the release of any records, whether it is a request for a person's own records or the records of a third party, ensure the requests are processed according to current regulatory guidance. (T-0) The CSC processes such requests in accordance with the requirements of DoD Regulation 5400.7-R/*Air Force Supplement*, *DoD Freedom of Information Act (FOIA) Program*, and AFI 33-332, *The Air Force Privacy and Civil Liberties Program*. Note that there are strict processing time standards for these requests and only the designated approval or disapproval authorities can take action on these requests.

3.14.1. Generally, a request by a claimant for a document he or she originally submitted to the CSC may be released to the claimant.

3.14.2. Requests by individuals for files pertaining to a third party or requests by claimants for their entire claims file or documents not originally submitted are carefully reviewed to ensure they are properly releasable under FOIA and the *Privacy Act*.

3.14.3. Do not release any documents that are attorney work product, deliberative documents, or fall under any other category exempt from release.

**3.15. Reporting Unauthorized Releases.** Claims personnel immediately report any incident of unauthorized release or possession of any part of an Air Force claims file to the CSC Chief or Attorney-Advisor. (T-1)

**3.16. Inspections.** Claims personnel should request an inspection be performed by the installation legal office nearest to where the claimed items are kept as soon as possible after receiving and reviewing the claim and making the determination that an inspection is required. If a TSP has contracted with a repair firm to perform an onsite inspection, claims personnel use that estimate in determining payment on the claim. If the claimant has obtained his or her own estimate and the total overall amount is less than the TSP's representative repair estimate, the claimant's estimate of repair is used in determining payment. Payment is made from one estimate only.

**3.17. Managing Claims Funds.** It is the responsibility of the Chief, CSC, (delegable to the Deputy Chief) to manage, track, and account for and reconcile monthly the funds expended under the authority of the PCA. (T-2) The CSC also requests additional funds from higher headquarters as required to sustain uninterrupted operations. The CSC will keep local records of all awards, collections, and deductions made under the PCA. (T-1)

3.17.1. The CSC also makes payment on all other claims vouchers that are paid from "claims funds." The CSC has procedures for Air Force functions to forward claims vouchers electronically to the CSC for processing.

### **Section 3C—**

**3.18. Taking in a Claim.** Claims personnel accept any claim that is presented in writing for a sum certain. This is true even if the claim is incomplete or lacks proper substantiation. Claims may be received by the CSC via fax, E-mail, on the website, and paper copies that are mailed to the center.

3.18.1. For claims received without sufficient substantiation or information, CSC personnel advise the claimant in writing, preferably by e-mail, that without additional supporting proof the claim may be denied in whole or in part. The correspondence should:

3.18.1.1. Identify the information or evidence required to properly adjudicate the claim.

3.18.1.2. Give the claimant a reasonable time limit (specify a date) for providing the needed information. Generally, allow no more than 30 days unless circumstances warrant a greater time frame. Advise that settlement authorities may adjudicate the claim without the information if it is not received by the specified date. After adjudication close the claim in AFCIMS.

3.18.2. Appropriately track and document when all forms, documents, or other evidence submitted by the claimant were received via any means other than on the web.

3.18.2.1. Mark or stamp the document or form with the actual date and time received.

3.18.2.2. Identify the office and individual who received the document or form.

3.18.3. Convert Foreign Currency. When claims are received from members stationed outside the US, there may be estimates of repair or purchase receipts provided that are in foreign currency. Claims personnel convert the dollar amounts from foreign to US currency using conversion rates provided in online trading tools, such as [www.oanda.com](http://www.oanda.com) and [www.xe.com](http://www.xe.com), on the date the claim is approved for payment.

3.18.3.1. Claims personnel may adjust any award if, because of a significant change in the exchange rate, it appears that: (1) the claimant would receive a windfall, or (2) the claimant would suffer an economic loss. Any such adjustment is to be recorded on a memorandum for the record.

3.18.4. Translated Documents. Prior to adjudicating a claim, have all documents written in a foreign language translated. Translate estimates of repair, receipts, and similar items necessary for payments, verbatim.

**3.19. Splitting a Claim.** A claim includes all damages that a claimant sustains because of an accident or incident. Even if local law or procedure permits filing a separate or split claim, settlement authorities do not settle or pay a separate or split claim without AFLOA/JACC advance approval.

**3.20. Required Documents.** Claims personnel must ensure that claimants have provided sufficient documentation to prove: (1) the loss or damage is properly payable under the PCA as discussed in Chapter 2; (2) they own the property claimed; (3) the property was lost or damaged; and (4) the value of the loss or damage. (T-0)

3.20.1. Properly Payable under the PCA. Claimants provide evidence that a claim is payable under the PCA. Consistent with this Instruction, claimants show that they were a proper claimant, suffered an appropriate loss, that the loss was to property that was reasonable or useful to possess, that they were not negligent, and that the loss was incident to service. Demonstrating that loss is incident to service is of prime importance.

3.20.1.1. HHG and Global POV Contract (GPOV). Loss of or damage to property shipped or stored at Government expense is a loss incident to service. Thus, claims personnel ensure that claimants clearly prove items claimed were properly tendered to a TSP, contractor, or warehouseman.

3.20.1.2. POV Claims. The Notice of Loss or Damage to a POV, *Vehicle Inspection and Shipping Form* (VISF) or DD Form 788, *Private Vehicle Shipping Document for Automobile*, is generally used to give notice of loss or damage to the carrier and the primary form to notify the GPOV contractor of loss or damage to vehicles. The form is used in two ways:

3.20.1.2.1. To show the condition of the vehicle when tendered. Claimants should be clearly informed of the importance of this step before they ship a vehicle. Any damage noted on this form at the time the vehicle is tendered will be presumed

accurate. Claimants should not agree to any damage noted if they believe the notation is incorrect, exaggerated, or misplaced.

3.20.1.2.2. To show the condition of the vehicle at the time of delivery. Claimants should be asked to inspect the vehicle and note any new damage. Claimants should carefully inspect their vehicle and note all new damage on the form before leaving the Vehicle Processing Center (VPC). Claimants should receive instruction on this process before their vehicle is picked up.

3.20.1.3. If a claimant discovers damage after he or she leaves the port, the claimant should take steps to document the loss or damage as soon as possible. Any damages discovered after the claimant has departed the VPC with his/her vehicle should be reported to the VPC as soon as noticed. The claimant should provide a statement explaining why the damages were not initially noticed and timely reported on the VISF or DD Form 788 when the vehicle was picked up.

3.20.2. Ownership of Property. Claimants must submit proof that they owned or possessed the item(s) claimed. When a claim is made for unusually expensive items or a large quantity of items, a greater amount of proof will be required. Claims personnel must determine when a claimant has provided evidence sufficient to substantiate the claimant's loss, as well as the value and weight of such evidence. (T-2) Proof that a claimant owned an item in the past does not necessarily mean it was owned at the time of the loss. Claims personnel must consider the age of the evidence when weighing its value. (T-2)

3.20.3. Property Lost or Damaged. Claimants must demonstrate they suffered loss of or damage to personal property. Loss may be shown by proving ownership of an item no longer possessed. Proving damage is generally accomplished by showing the condition of the property before the incident causing damage and its condition after. Such proof can include: purchase receipts, credit card bills, cancelled checks, and appraisals; photographs or video footage of the item with descriptive statement; written title to property; insurance policies that specifically list an item; HHG inventory sheets or VISF; and witness statements stating personal knowledge of ownership

3.20.4. Value of Loss or Damage. Claimants must prove the value of the loss or damage they have suffered. (T-0) There are three general measures of damage: fair market value, repair cost, and compensation in lieu of repair (see Section D of this Chapter). In each case, the claimant must provide proof of the relevant measure of damage. Such proof can include the same or similar item from catalog, web site, local merchant, or Base Exchange.

3.20.5. Repair Estimates. Claims personnel must ensure that repairs recommended on an estimate are necessary to fix the transit related damages. (T-3) Repairs should generally be limited to the most economical option. Repair estimates must be by a qualified, reputable firm who is willing and able to repair an item for a specific price.

3.20.5.1. To serve as proof of internal or concealed damage, estimates should contain a repair firm's professional opinion that a normal sturdy internal component was damaged and the cause of the damage.

3.20.5.2. To serve as proof that an item is not economically repairable or cannot be repaired, repair estimates should clearly state either the unreasonable cost of the repair or why the item cannot be fixed.

3.20.5.3. Estimates presented by claimants that are unreasonably high or do not meet the standards above are not valid evidence. Claims personnel may require claimants to obtain additional estimates.

**3.21. Fraudulent Claims.** When claimants seek payment for loss or damage, they must submit accurate and truthful documentation to support their claim.

3.21.1. When settlement authorities determine that a claimant has committed fraud, the claim may be denied in total. If the claimant is a military member, the claim will be evaluated for referral to the local installation legal office or Office of Special Investigations where the member is stationed as a military justice matter. These actions are required whether or not a request for reconsideration is submitted.

**Section 3D—**

**3.22. Adjudication Generally.** Adjudication of a claim consists of making the findings necessary to determine whether the claim is payable and, if so, the appropriate amount to be paid under the PCA. Claims personnel adjudicate claims carefully to compensate claimants fairly for loss or damage incident to their service.

3.22.1. The following documents are required for the adjudication of claims referenced in this instruction. Settlement authorities and claims personnel should have access to each of these documents.

3.22.1.1. *Allowance List - Depreciation Guide* (ALDG, 1 Jun 07).

3.22.1.2. *Military-Industry Memorandum of Understanding on Loss and Damage Rules* (24 Jan 92).

3.22.1.3. *Military-Industry Memorandum of Understanding on Salvage for Code 1 and Code 2 Shipments* (1 Apr 89).

3.22.1.3.1. *Military-Industry Memorandum of Understanding on Salvage for Code 1 and Code 2 Shipments Addendum* (11 Jun 01).

3.22.1.4. *Joint Military-Industry Agreement on Carrier Recovery Claims \$25 and Under* (1 May 87).

3.22.1.5. *Joint Military-Industry Table of Weights* (1 May 87).

3.22.1.6. *Non-Temporary Storage Depreciation Guide* (1 May 87).

**3.23. Ensure Claim is Properly Payable.** Claims personnel shall review all evidence presented by the claimant to ensure that the claim is payable under the PCA, consistent with this Instruction. (T-1)

**3.24. Two-Person Policy.** When possible, one person investigates a claim, prepares the report, and recommends the action. A separate individual will act as settlement authority and approve or disapprove the recommended action. EXCEPTION: For claims under \$100 when settlement authority has been delegated to the examiner processing the claim. (T-2)

**3.25. Measure of Damages.** After determining which items are properly payable, claims personnel must determine the value of the claimant's loss or damage. (T-1) The Air Force uses

four measures to determine the value of loss of or damage to an item: Fair Market Value, Full Replacement Value, Repair Cost, and "Fair and Reasonable" (F&R) compensation.

3.25.1. Fair Market Value. The PCA is intended to compensate claimants for the fair market value of their loss, and since most items owned by claimants are "used," paying the claimant for the cost of a new item would be inappropriate, placing them in a better financial position than they were in before their loss. Fair Market value is the amount the item was worth at the time of loss or damage. Fair Market Value is either a value determined by a clearly established market or the Full Replacement Value minus depreciation. Claims personnel pay the Fair Market Value for items missing or damaged beyond repair.

3.25.1.1. Established Market. Value may be determined without depreciation, if an established market exists which clearly sets the value for a class of items. Such markets should be widely accepted and recognized by the community as a whole or individuals and collectors in the business of trading or selling the items at issue. Use such markets to establish the value of an item similar in age, quality, and condition to the item claimed. When an established fair market value exists, do not deduct depreciation.

3.25.1.2. Appraisals. An appraisal should be prepared by a certified appraiser. Assessments in qualified appraisals reflect the Fair Market Value.

3.25.1.3. Depreciated Value. When no appraisal is available or no established market exists, value is established by depreciating the Full Replacement Value of an item. In order to award the claimant the market value of their "used" item, a depreciation rate is applied to a new item of similar quality. Ensure the item used to determine the replacement cost is as close as possible in quality, description, and function to the item owned. For personal property other than vehicles, these rates and guidance on their use are in the *Allowance List-Depreciation Guide (ALDG)*.

3.25.1.3.1. Claims personnel may decrease or increase the listed ALDG depreciation rate if evidence (such as an inspection report, a photograph, or a witness statement) indicates that the property was in better than average condition or worse than average condition before the incident giving rise to the claim. The depreciation rate is based on the age, usage, or condition of the property before it was lost or damaged. Make decisions to increase the rate of depreciation cautiously and make sure it is based on very good evidence.

3.25.1.3.2. Do not depreciate an item that the claimant purchased less than six months from the date of tender (for HHG, GPOV, or personal property in a vehicle) or the date when the loss or damage occurred (for Personnel Claims).

3.25.1.3.3. In order to determine the appropriate depreciation rate, claims personnel determine the age of the item (in months). To determine the age of an item, count the number of months from the purchase date to the date the item was lost or damaged (Personnel Claims) or tendered to a TSP, contractor, or warehouseman (HHG or personal property in a vehicle shipped under the GPOV program). Do not count the actual month of purchase or the month the goods were tendered or damaged/destroyed in determining the total number of months.

3.25.1.3.4. If an item was restored to an almost new condition after the claimant acquires it, measure the age of the item for depreciation purposes from the date of the repair, rather than the original purchase date.

3.25.1.3.5. Never depreciate an item by more than 75 percent.

3.25.2. Full Replacement Value. Full replacement value is the cost to replace an item at the location where the loss is realized. Claims personnel only pay the Full Replacement Value for items missing or damaged beyond repair and only under specified conditions found in the *John Warner National Defense Authorization Act* and the *Ike Skelton National Defense Authorization Act*. See paragraph 1.2.2. for additional information regarding this program.

3.25.3. Repair Costs. Claims personnel pay claimants the cost of repairing items when that cost is reasonable and does not exceed the value of the item. Claimants may, on a case by case basis, also be compensated for any loss of value (LOV) suffered despite repair.

3.25.3.1. The cost of repair should be substantiated. This is most often accomplished by a paid bill or an estimate provided by a competent professional who is willing and able to make the repairs for the price stated. Claims personnel may request a claimant to obtain a second estimate if the first appears unreasonably high.

3.25.3.2. Routine maintenance is neither damage nor a repair. Settlement authorities do not pay for normal maintenance expenses, including charges for cleaning, servicing, aligning, or tuning. Settlement authorities may pay such expenses if the damage sustained was the proximate cause for the maintenance.

3.25.3.3. Settlement authorities do not pay for the reassembly of items that the TSP disassembled. Members should be referred to the local transportation office for assistance.

3.25.4. F&R Payments. Claims personnel may set an F&R payment for missing or destroyed property if they decide that other measures would under-compensate or over-compensate the claimant. Because F&R payments may be subjective, do not use them when a more appropriate and/or reliable measure is available. An F&R payment for a missing or destroyed item should reflect the value of an item similar in quality, description, age, condition, and function to the greatest extent possible. When making such payments, explain the basis for the award to the claimant. Consider an F&R payment when:

3.25.4.1. The item is obsolete.

3.25.4.2. The claimant cannot replace the item in the local area.

3.25.4.3. The claimant cannot replace the item at any cost.

3.25.4.4. The claimant asks for a replacement price considerably higher than what is reasonable for the item described.

3.25.4.5. The claimant is unable to get a competent estimate of repair due to his location, e.g., some overseas areas, and the adjudicator feels they can arrive at a fair amount and avoid lengthy deferrals.

**3.26. Pre-existing Damage (PED).** PED is damage to an item that predates the incident giving rise to a claim. Claims personnel should make sure the damage claimed is not PED.

3.26.1. Identify Potential PED. Claims personnel should review documents or other evidence that identifies the condition of an item prior to the incident that damaged it. If this evidence shows the existence of PED, compare the PED with the damage claimed. If the PED and claimed damage is similar, claims personnel may need additional documentation, e.g., photographs and estimates of repair to distinguish between PED and possible new damage.

3.26.2. Deducting PED. Claims personnel do not pay for PED. If an estimate of repair includes work done to repair PED, the cost of this repair is deducted from the claim. (T-0) Claims personnel should contact the repair firm to determine an appropriate deduction. Such deductions are annotated in the claims file in a memorandum for record.

3.26.2.1. When new damage to an item necessitates repairing PED at no additional cost, claims personnel pay the full cost of repairs. However, deductions should be taken if there is more PED being repaired than new damage. Contact the repair firm to determine an appropriate amount for the deduction.

**3.27. Insurance or Other Third Party Payments.** Claims personnel ensure claimants do not receive compensation under the PCA for loss or damage compensated by another source, to include payments by TSPs under FRV.

**3.28. Loss of Potential Carrier Recovery (PCR).** PCR is money withheld from a claimant's PCA award due to actions of the claimant that cost the Air Force money it otherwise could have recovered from a TSP, contractor, or warehouseman. Claims personnel may deduct PCR whenever a claimant has limited the Government's recovery rights by failing to file the 1840R (or equivalent) in a timely or complete manner.

3.28.1. Unless claimant can clearly show good cause as to why he or she did not annotate the damage claimed, all such damage is subject to a PCR deduction. The settlement authority determines the existence of good cause.

3.28.2. Settlement authorities may find that good cause existed even if the evidence is insufficient to prove the same to the TSP under the *Military-Industry Memorandum of Understanding on Loss and Damage Rules*. Examples of the good cause exception to the PCR deduction rule may include:

3.28.2.1. Claimant's temporary duty (TDY) away from his or her primary duty station.

3.28.2.2. Hospitalization of claimant or immediate family member.

3.28.2.3. Improper counseling from Government personnel concerning the DD Form 1840R.

3.28.2.4. First time moves where the military member or civilian employee demonstrates justifiable confusion regarding timely notice.

3.28.3. In cases where PCR is to be deducted from an item that has been lost or destroyed, claims personnel first determine the amount of the loss or damage to the item. For items where depreciation is applied, deduct the potential carrier recovery. This is done by comparing the Service's depreciation rate with the TSP, contractor, or warehouseman's rate as listed in the ALDG on the right side. When the TSP, contractor, or warehouseman's depreciated value of an item is less than the Service's depreciated value, pay the claimant the difference between the two depreciated values. For items where there is an established fair

market value (paragraph 3.25.1.1 of this Instruction) and depreciation is not applicable or for items where the measure of the damage is for the repair, deduct the entire amount the Air Force could have recovered from the claimant's award.

**3.29. Salvage.** Items damaged beyond repair (to include replacement of vehicle parts) may be salvaged by the TSP or disposed of by the claimant after the TSP has refused their rights to salvage. There is no process in place that provides easy salvage and disposal by the government. As a guide, the Services' agreement with the TSP industry on salvage allows for a 25% deduction when TSPs are denied salvage. Examiners should determine:

3.29.1. The extent of the damage (while it may not be repairable and a replacement value is paid, it may still be usable).

3.29.2. If the item is part of a set and the claimant would want to keep it even though it is damaged.

3.29.3. If it is a large piece of furniture with cosmetic damage or an appliance that has cosmetic damage but can be used for its intended purpose.

3.29.4. If it is a family heirloom.

NOTE: If any of these situations apply, 25% should be deducted from both the claimant's award and the TSP assertion and the settlement letter should read: "When you are paid the replacement value of an item, the TSP has the right to pick up the item for salvage; therefore, we deducted 25% from the amount paid for (description of item) to allow you to keep the item." If the claimant requests reconsideration and is willing to let the TSP salvage the item, pay the claimant the balance and assert the full award value against the TSP.

**3.30. Repair and Replacement Expenses.** Settlement authorities may pay for certain expenses associated with the repair or replacement of personal property, including:

3.30.1. Estimate fees. Settlement authorities pay only for nonrefundable estimate fees, those for which a claimant has not received credit toward payment for the completion of repairs. This is true whether or not the claimant chooses to have the repairs done.

3.30.2. Appraisals. Settlement authorities do not routinely pay for an appraisal. Appraisals are generally considered to be a cost associated with the preparation of a claim. Settlement authorities may authorize payment for an appraisal by a certified appraiser only when it is in the best interest of the Air Force.

**3.31. Sales Tax, Shipping, Handling, Pickup, Delivery, and Hazardous Waste Fees.** Settlement authorities do not pay for disposal of items to be replaced or unpaid fees. Payment may be authorized once paid receipts are provided to the CSC. Claims personnel may pay the following costs if incurred by the claimant:

3.31.1. Costs to replace property by mail.

3.31.2. Costs of transporting property to or from a repair shop.

3.31.3. Sales tax paid on items purchased to replace or repair lost or damaged property.

3.31.4. Hazardous waste fees associated with repairs.

**3.32. Sets.** Sets are groups of complementary and related articles that make a whole, such as crystal, china, furniture or stereo speakers. As a general rule, when component parts of any set

are damaged beyond repair or missing, the claimant should only be reimbursed for the missing or damaged pieces. An exception may be made when the claimant provides sufficient proof that the component pieces cannot be replaced, and as a result, the integrity of the set has been destroyed. In such cases, either a LOV award or replacement of the set should be considered. When the entire set is replaced the TSP or the government may exercise salvage rights.

**3.33. Uniform Claims.** Claims involving military uniform items, for both officer and enlisted members, are first adjudicated under the PCA and the provisions of this chapter. Both officers and enlisted personnel receive an initial monetary allowance to purchase uniform items. In addition, enlisted personnel receive an annual allowance to maintain uniforms. As such, claims for damage or destruction of uniform items due to routine or regularly assigned duties are not normally paid under the PCA. If payment is not appropriate under the PCA, then only for enlisted member uniform items that are part of the enlisted clothing monetary allowance system (issue uniform items), claims personnel notify claimants to initiate consideration of reimbursement under the provisions and procedures of AFI 23-101, *Air Force Materiel Management*, Chapter 8. Claims personnel should consult this provision of AFI 23-101 prior to final adjudication of any uniform item claim.

*Section 3E—*

**3.34. Action of Settlement Authorities.** Settlement Authorities must review and make an independent assessment regarding disposition on all claims prior to approving or denying them. (T-1) This includes reviewing the examiner's recommendation, inspection reports, witness statements, and claimant's substantiation prior to taking action. Settlement authorities should ensure the file contains proper documentation, such that any person reviewing the file in the future (for TSP, contractor or warehouseman recovery or reconsideration) may clearly understand the decisions reached and the basis for the decision.

**3.35. Claims Exceeding \$40,000 in Adjudicated Value.** Claims may be paid in an amount over \$40,000 (but cannot exceed \$100,000) if they arose from an emergency evacuation or extraordinary circumstance. For claims that are filed based on an evacuation or extraordinary circumstance having demand amounts over \$40,000 there is a two-tier claims procedure that applies. The first tier is the adjudication of the initial \$40,000 to speed up the initial recovery for the service member. The second tier is adjudicated for claims over \$40,000 and the Chief or Deputy Chief of the CSC specifically assigns those claims to examiners at their discretion. The following should be addressed in the initial \$40,000 action:

3.35.1. For loss or damage to HHGs exceeding \$100,000 and caused by a hostile action, see AFI 51-501.

3.35.2. Each item in the claim is adjudicated and the claim file contains sufficient information and documentation to support their adjudication.

3.35.3. All ALDG item or category maximum allowable limits reached have been identified. The CSC Operations Superintendent provides a determination on all such maximums before a claim is forwarded for processing over \$40,000. (T-2) The claim file should clearly document and support any decision to waive or not waive a maximum.

3.35.4. The claim is paid up to his or her settlement authority of \$40,000. The claim file should contain a copy of the payment voucher and clearly state which items have been paid

and for what value. Assert a recovery claim against the TSP, contractor or warehouseman, if applicable.

3.35.5. The claimant is sent an award letter. (T-1) Include in the \$40,000 award letter a notice that the claim is being further processed consistent with the original demand amount. Do not include reconsideration rights in the letter.

3.35.6. The original claims examiner shall prepare a memorandum. (T-3) The memorandum should include a summary of all relevant facts and legal issues, a recommendation regarding the additional payment and the status of any ongoing contractor recovery effort.

3.35.7. Adjudication of the remaining portion of the claim will be conducted by the second tier examiner and monitored by the Chief, CSC until settlement of the remaining portion of the claim. (T-3)

**3.36. Deferred Items.** Claimants who have not provided sufficient substantiation for an item or claim after being notified, may have their claim (or specific items) denied or deferred by the settlement authority. The claimant is notified of the deferred items in a settlement letter, clearly establishing a specified period for the claimant to provide the additional substantiation. (T-3) Claims personnel should defer items only if they believe the needed evidence exists and is readily obtainable. Settlement letters containing deferred items inform the claimant that a failure to provide the additional information by time set in the letter may result in the items being denied and the claim closed.

**3.37. Settlement.** Once a settlement authority has made a final determination on a claim, the claimant will be promptly notified by claims personnel. (T-3) When authorities settle the claim, claims personnel record the action in the appropriate blocks on the DD Form 1842 and generate an SF 1034, *Public Voucher for Purchase and Service Other Than Personal*, for signature of the settlement authority. (T-3) The signature of the settlement authority verifies that the claim meets all requirements for payment in the amount specified or that the claim warrants denial.

3.37.1. At least one form of notification will be by letter. (T-3) The letter to the claimant should be detailed and:

3.37.1.1. State the amount claimed and the total award approved.

3.37.1.2. Identify the items denied or reduced and give the claimant a detailed, clear, and understandable reason for the action.

3.37.1.3. Include a copy of the claim adjudication worksheet as an attachment.

3.37.1.4. Explain to the claimant his or her reconsideration rights and the process.

3.37.2. Settlement authorities should, if practicable, memorialize the basis for all awards or denials in a memorandum placed in the claim file. Claims personnel must create such a memorandum if the claim involved unique facts or application of the PCA. (T-3) Such documentation must also be added to the file if claims personnel expect the claimant to file a reconsideration request, Inspector General Complaint, or Congressional Inquiry. (T-3)

**3.38. Paying Approved Claims.** Once settlement authorities approve a claim for payment, the signed SF Form 1034 is given to the CSC Accounting Clerk.

**3.39. Recovered Property.** Recovered property is property claimed missing but later found either during adjudication of the claim or after the claimant has been paid. Missing items are those items whose location is unknown and is not expected to be determined within a reasonable time. Delayed property (whose location is known) is not missing.

3.39.1. Property Recovered During Adjudication. Generally, settlement authorities do not pay for property that is recovered prior to settlement of a claim. However, in rare instances, items discovered before a claim is settled may be paid if claimants do not desire to accept the found property. The claimant may not wish to retain such items. This is authorized only when all of the following elements are met:

3.39.1.1. The item has been missing for an unreasonable period of time from the date of incident or expected arrival date;

3.39.1.2. The item is necessary for daily life, such that it must be replaced within a reasonable time;

3.39.1.3. The item has in fact been replaced; and

3.39.1.4. The item must be of a durable nature and not routinely replaced. Items, such as socks, undergarments, cosmetics, and food, are routinely replaced and would not qualify under this provision.

3.39.2. Property Located After Settlement. If lost property is located after a settlement authority has approved the claim for payment, claims personnel shall advise the claimant of his or her options to either: (T-1)

3.39.2.1. Accept any or all of the items located and repay the amount already paid for such items.

3.39.2.2. Disclaim in writing further interest and ownership in the property and keep the amount that the settlement authority has approved for payment.

3.39.3. If the settlement authority determines the recovered property is substantially different in quality, quantity, or price from the property claimed, the settlement authority may require the claimant to return the amount allowed for such property and accept the property.

3.39.4. Recovered property that has not been included in any claim is returned to the member.

**3.40. Erroneous Payment.** An erroneous payment is a payment that settlement authorities make: (1) based on facts from the claimant that are later determined to be incorrect, or (2) without legal authority. A claim is paid without legal authority if it was paid without the specific authorization of the PCA as implemented by this Instruction.

3.40.1. Erroneous payments should be recouped when it is found that the claimant provided false information or if the CSC had no authority to pay the claim. This can be done by a voluntary collection in full, or in installment payments, once a claimant has acknowledged receipt of the demand for payment. It may be deducted through payroll deductions if claimant refuses to return the money voluntarily. All payments should be received in a timely manner and promptly deposited. If a claimant stops making payments, the CR Flight collects the balance due through involuntary collection.

3.40.2. Involuntary Collection. If the claimant refuses to repay voluntarily or fails to meet an arranged payment schedule, the CR Flight collects the amount owed through involuntary collection. Generally, claims personnel prepare a DD Form 139, *Pay Adjustment Authorization*, for DFAS and submit it through their local AFO to collect. Contact the local AFO for specific guidance on local procedures.

### **Section 3F—**

**3.41. Reconsiderations Generally.** Reconsideration is the review of an initial settlement action. A claimant or claimant's agent who is not satisfied with the outcome of his or her claim may request that it be reconsidered. A reconsideration authority may reverse any previous claims settlement decisions, including denying the entire claim, if appropriate. A reconsideration authority's decision is final and conclusive, and claimants may not appeal the decision of a reconsideration authority to any other Air Force agency or court.

3.41.1. Claimants submit requests for reconsideration within 60 days of the claim settlement date and provide a legal basis or evidence to support their claim. The reconsideration authority may waive the 60-day period for good cause. This good cause and the decision to waive the time requirement is documented in the file.

3.41.2. If claims personnel discover adjudication errors or new facts after settlement, they may reopen a claim without a request from the claimant (Resume Processing in WebAFCIMS) and re-adjudicate it. Such self-identified actions are not reconsiderations.

**3.42. The Initial Settlement Authority.** The initial settlement authority is the settlement authority that originally acted on the claim. That person reviews any request for reconsideration and, based on the claim file and the evidence presented in the reconsideration request, determine whether to grant relief as follows: (T-1)

3.42.1. Approve payment for the full amount requested; or

3.42.2. Approve payment for the full amount requested, applying appropriate depreciation; or

3.42.3. Approve payment less than the amount requested, provided the claimant agrees to accept the amount and the acceptance is documented in the file; or

3.42.4. Forward the claim to the reconsideration authority for final settlement if the claim does not merit a full, depreciated, or agreed-to settlement. Prepare a memorandum documenting the relevant facts, history and providing a recommendation for each item contained in the reconsideration request.

**3.43. The Reconsideration Authority.** Any settlement authority specifically delegated in this instruction may act as reconsideration authority up to their maximum amount of their authority. Reconsideration authority may not be further delegated.

3.43.1. No settlement authority may act as reconsideration authority if that settlement authority took initial action on the claim or was actively involved in the adjudication of the claim. Merely acting on an ALDG item or category maximum allowable does not disqualify the reconsideration authority. Otherwise, settlement authorities should pass reconsideration requests to the next higher settlement authority if there is even the appearance that the settlement authority was actively involved in the initial adjudication of the claim.

**3.44. Reconsideration Actions.** The reconsideration authority personally decides all requests for reconsideration within his or her settlement authority if the person who originally settled the claim denies relief. The individual assuming the reconsideration authority on any given claim:

3.44.1. Conducts an independent and personal review of the claim and reconsideration request, item by item; (T-1)

3.44.2. Must be familiar with the requirements of the PCA, adjudication rules in this Instruction, the ALDG, AFCIMS, and current CSC guidance; (T-1)

3.44.3. Reviews the file, and as necessary, talks with claims personnel who worked the claim, gathers further evidence, and talks with the claimant; (T-1)

3.44.4. Acts on all requests for reconsideration within 30 days (T-1); and

3.44.5. Sends the claimant a letter upon settling the claim. The reconsideration authority shall clearly explain in the letter the basis for his or her determination and shall state that the determination is final. (T-1)

## Chapter 4

### PROCESSING AND SETTLING CARRIER RECOVERY CLAIMS

**4.1. Introduction.** The basis for a TSP recovery or carrier recovery (CR) claim is the failure of a TSP, warehouseman, or contractor to adequately protect goods entrusted to them for shipment. The goods must be delivered in the same condition as when the TSP took possession of them. This chapter details the basic tasks for a claims examiner to process a carrier recovery claim.

4.1.1. Full Replacement Value (FRV) Claims Program. See paragraph 1.2.2. for an explanation of the FRV Program. Only claims for loss, damage, or destruction of household goods filed directly with the CSC, or properly transferred to the CSC from a TSP, are within the scope of this chapter. Be advised that payments for loss, damage, or destruction under this chapter may be affected by payments under the FRV Claims Program.

4.1.2. The Government presents a legally sufficient (prima facie) case of TSP liability when it shows:

4.1.2.1. The TSP received the goods,

4.1.2.2. in a certain condition of which the TSP is required to have record,

4.1.2.3. the TSP did not deliver the goods or delivered them in a more damaged condition as annotated on a timely filed DD Form 1840/1840R (or equivalent), and

4.1.2.4. the amount of loss or damage.

4.1.3. Two legal authorities establish our prima facie case, the *Carmack Amendment to the Interstate Commerce Act*, 49 USC § 14706, and *Missouri Pacific R.R. v. Elmore & Stahl*, 377 U.S. 134, 138 (1964). Once the Air Force has established each of the elements for the prima facie case, the burden shifts to the TSP to show the loss or damage did not result from the TSP's failure to exercise reasonable care to protect the goods.

4.1.4. TSP rebuttal arguments should question one of the four elements that establish the prima facie case of TSP liability and where possible should cite a legal authority. The following are examples of legal authorities which the TSP have access: Defense Office of Hearings and Appeals (DOHA) decisions; Military/Industry Memoranda of Understanding (MOUs); *Defense Transportation Regulation* 4500.9-R (DTR) (contains the Tender of Service (TOS) Agreement and the Basic Ordering Agreement for Storage); *Joint Military-Industry Depreciation Guide* (JMIDG); and any other relevant statutes, contracts, and regulations.

**4.2. Review.** The Carrier Recovery Flight Supervisor oversees the assignment of claims taking into account the settlement authority of each paralegal and should:

4.2.1. Look at each TSP recovery claim objectively and independently. Paying a claimant does not always equate to TSP liability. Only request payment on damage for which a TSP is liable.

4.2.2. Review the Government Bill of Lading (GBL). This is the Government's contract with the TSP. Confirm the name of the TSP on the GBL, inventory, and the DD Form 1840 is the same. This ensures the correct TSP is being held liable for the loss/damage.

- 4.2.2.1. Standard Carrier Alpha Code (SCAC) (Block #2). This is a four-letter code used to identify the agent who bills the Air Force for transportation related services.
  - 4.2.2.2. Service Code (Block #3). This code can identify the type of property shipped, how it was moved, mode of transportation, and limitations of TSP liability.
  - 4.2.2.3. Shipment No. (Block #4). Members may have more than one household goods shipment and knowing this can explain unrelated documents in the file.
  - 4.2.2.4. Owner Name (Block #10). Compare this information to other documentation in the file. Ensure subrogation claims are asserted on behalf of the correct member on military married to military moves.
  - 4.2.2.5. Extra Pickup/Delivery (Block #13). This can reflect goods picked up from more than one residence or storage facility.
  - 4.2.2.6. Department/Agency (Block #14). Affiliation in this block should read USAF unless a special provision allows otherwise.
  - 4.2.2.7. Pickup Location (Block #19). This block shows the household goods were picked up from a Non-Temporary Storage (NTS) facility.
  - 4.2.2.8. Remarks (Block #25). This lists special instructions to include Storage-In-Transit (SIT) increase to the TSP's basic liability valuation based upon purchase of additional coverage. This block may also identify whether a shipment is covered FRV, with a potential increase of basic valuation to \$4.00 times the net weight of the shipment. Whether a shipment is covered under FRV may also be determined by the solicitation under which the shipment is moved. That information is usually found in Block 31.
  - 4.2.2.9. Shipment Weight (Block #28). This is not always entered. The shipment weight can be found on the DD Form 1840/1840R or by contacting the origin/destination TMO office. The weight should not be overlooked since it determines the TSP's maximum liability.
  - 4.2.2.10. BLUEBARK (Block #10). These words sometimes appear in Block 27. This designation is used for a shipment to the next of kin of a deceased military member.
- 4.2.3. Verify that the GBL TSP is not nonuse or bankrupt by using Surface Deployment Distribution Command's (SDDC) Approved Carrier listing web site. If so, return the file to the Recovery Flight Superintendent, who assigns it to the claims paralegal handling bankrupt/nonuse TSPs.
- 4.2.4. Review the DD Form 1840. Examine the following:
- 4.2.4.1. Shipper's Name. This must be the same as in the GBL and inventory
  - 4.2.4.2. Shipment Weight. This is necessary to determine maximum TSP liability
  - 4.2.4.3. GBL Number. This must match the GBL in the claim file
  - 4.2.4.4. Carrier Name/Address (Block #9). The DD Form 1840R is dispatched to this address
  - 4.2.4.5. Code of Service (Block #10). If this block contains a two-letter service code that begins with "B" or "H" then it is a Direct Procurement Method (DPM) shipment. DPM

shipments are not offset through CSC and DFAS but are sent to the base's contracting office if settlement is not reached.

4.2.4.6. SCAC.

4.2.4.7. Signatures.

4.2.4.8. Date of Delivery.

4.2.5. Review the DD Form 1840R and Electronic Equivalent in Online Filing. This form is used to notify the TSP of damage or loss discovered after delivery, but within 75 days of delivery. Verify that every item asserted against the TSP is listed on the DD Form 1840, the DD Form 1840R, or a properly completed continuation sheet.

4.2.5.1. Section B – Name/address of Carrier. This should be addressed to the TSP/contractor that is listed in BLOCK # 9 on the DD Form 1840.

4.2.5.2. Dispatch Date. To assert a TSP recovery claim, this date cannot exceed the 75th day of delivery (Exception: unusual circumstances such as a lengthy TDY or hospitalization; supporting documents should be included in the file).

4.2.6. Ensure the correct inventory is in the file. The top right-hand corner will normally specify the carrier's reference number, contract number if it is from NTS and GBL number.

4.2.7. Review the DD Form 1842 and Electronic Equivalent in Online Filing. Review the name on the form, amounts paid by the AF, if any, and if the claimant had private insurance. See Paragraph 3.15. regarding insurance coverage for losses or damage to household goods moved or stored at government expense.

4.2.8. Review the DD Form 1844. Review the claims examiner's adjudication:

4.2.8.1. Verify all items listed on the DD Form 1844, *List of Property and Claim Analysis Chart*, are on either the DD Form 1840 or 1840R. If items are listed on the DD Form 1840R, verify the 1840R was dispatched to the proper TSP and within 75 days of delivery. If there are items listed on the DD Form 1844 that are not listed on the DD Form 1840/1840R, there may be no TSP liability for that item and PCR should be deducted.

4.2.8.2. Make sure all items on the claim have been settled. If there are any reconsiderations or deferred items still pending, return the claim to the Chief, Recovery Flight, who returns it to the appropriate Flight Chief.

4.2.8.3. Determine whether the shipment was delivered from a non-temporary warehouse facility, and if so, ensure that depreciation IAW the NTS Depreciation Guide was applied.

4.2.8.3.1. Any and all items claimed with the member's insurance company should also be listed on the DD Form 1844. After the TSP has made payment on the claim, or in the event of offset, the insurance company is entitled to a share of the recovery. This type of claim is commonly referred to as a CRI (carrier recovery to the insurance company for their pro rata share).

4.2.8.3.2. For all claims involving insurance, mark the front of the file folder "CRI" in large letters to alert others there is an additional process to be completed once

settlement is reached or the offset is complete. Do not close the claim in AFCIMS until the CRI is processed IAW the CSC Operating Instruction for processing CRIs.

4.2.8.3.3. Compare the amount the claimant was paid to the amount of the TSP's liability for each item claimed. If the TSP's liability is more, mark the line "CRC" and the difference. CRC indicates carrier recovery to the claimant. If the total difference for the claim is more than \$25, mark the front of the file folder "CRC" in red marker to alert others there is an additional process to be completed once settlement is reached or the offset is complete. Do not close the claim in AFCIMS until the CRC is processed IAW the CSC guidance for processing CRCs.

4.2.8.3.4. If the claims examiner needs to make changes/revisions to the DD Form 1844, copy the original and make your changes on the copy. Recalculate the TSP's liability and place the calculation tape on the revised DD Form 1844. Place the revised DD Form 1844 on the left hand side of the file folder. Include a signed and dated MFR in the file explaining why it was necessary to make the changes.

4.2.9. Verify that the notice requirements of the Federal Debt Recovery Act are met and documented in the file. Correct deficiencies in notice or documentation. Ensure an adequate response was submitted to all TSP correspondence addressing all of the TSP's concerns.

**4.3. Processing.** If after reviewing the claim the paralegal agrees with the TSP's offer, the paralegal responds with a letter of acceptance and include the specific date the CSC should receive the check. Suspend the file for that date. If no check is received within 120 days from assertion, send the TSP a letter notifying them the claim may be forwarded for offset since they failed to provide payment as agreed. Include a signed and dated MFR in the file and return the file to the Chief, Recovery Flight, who handles the offset procedure.

4.3.1. Paralegals may only settle claims within their settlement authority. If the settlement amount is above the paralegal's authority, he or she should provide a signed written recommendation and place it on the left inside of the claim file and submit the claim to the Chief, Recovery Flight, for approval. The approving authority should write "Reviewed and Approved" and other desired comments on the claims paralegal's recommendation, then date and sign it.

4.3.2. If the TSP's check is already in the file and is current, it is ready to be processed for deposit (see Section 4.4). Ensure the check is for the amount of the demand or has been approved for a lesser amount. (T-2) Depositing the check has the effect of accepting the TSP's counter-offer of payment, even if it is significantly lower than the demand. The CSC has no opportunity to request more money from a TSP once the check has been deposited, even if it is deposited in error.

4.3.3. If the TSP's check is already in the file but has expired, copy the check and return the original to the TSP with a letter accepting their offer and requesting a new check for the full amount and include the specific date the CSC should receive the check. Suspend the file for that date. If no check is received within 120 days from assertion, claims personnel should send the TSP a letter notifying them the claim will be forwarded for offset since they failed to provide payment as agreed. Include a signed and dated MFR in the file and return the file to the Chief, Recovery Flight.

4.3.4. If the claims examiner disagrees with the TSP's offer, claims personnel should prepare a letter stating the AF position and cite all applicable MOUs, statutes, DOHA decisions, etc. as stated in Para. 4.1.3. above.

4.3.5. The TSP has 120 days to settle the claim. If attempts at settlement are unsuccessful after 120 days, claims personnel should draft a letter recommending offset and give the file to the Chief, Recovery Flight.

#### **4.4. Check Accountability, Security, and Depositing Procedures**

4.4.1. Check Accountability and Security. Checks are retrieved from incoming mail by CSC postal personnel and given to the Carrier Recovery Flight (CRF). CRF matches checks with claim numbers and places them onto a daily check log and transfers accountability to CSC. The CSC will verify and receipt for checks by signing daily check log and providing CR with a signed copy for accountability purposes. (T-2) The CSC will enter checks on a master check log and secure the checks in a safe until their final disposition is determined. (T-2) Checks are maintained and controlled IAW DOD *Financial Management Regulation* (DODFMR) Volume 5, Chapter 3. (T-0)

4.4.2. Depositing Checks. The Carrier Recovery Flight prepares a DD Form 1131, *Cash Collection Voucher*, to deposit checks and provides to the CSC. (T-0) The CSC will use a 2-person verification process to ensure all checks and amounts are correctly listed on the DD Form 1131. (T-2) Checks are marked deposited on the master check log after the verification of deposit is complete. (T-2) Deposit slips will be prepared and checks taken to the bank for deposit in a US Treasury account. (T-2) Deposits of \$100,000.00 or more requires an escort. (T-2) CSC/FM sends DD Form 1131 and deposit receipt to the servicing AFO for verification of deposit and assignment of voucher number. (T-2) Deposits will be verified using Commanders Resource Integration System (CRIS) by matching the voucher number, amount and transaction date. (T-2) Transaction dates are annotated on DD Form 1131 and maintained by the CSC. (T-2)

**4.5. Unearned Transportation Charges.** TSPs bill the Air Force for the personal property weight that the service member ships. Under the TOS, if a TSP loses or destroys property they were paid to ship, they are not entitled to compensation for transporting the lost or destroyed item unless the TSP gives the member full replacement value for all lost or destroyed items. The deduction associated with having been paid to transport lost or destroyed items is called unearned transportation. The Joint Personal Property Shipping Office (JPPSO) deducts money from TSPs for unearned transportation. When a claim includes missing or destroyed items for which the member has not been given full replacement value for all items, claims examiners notify JPPSO that a deduction against the TSP for unearned transportation charges is in order. Claims examiners satisfy this requirement by forwarding a JPPSO Package. The JPPSO Package should contain:

4.5.1. Copy of initial assertion letter to the TSP.

4.5.2. DD Form 1844. Highlight all items in which the TSP is liable for the full or depreciated replacement cost. Annotate "AP" (Amount Paid) for that item. If the claim involves only repaired items, a JPPSO package is not required.

4.5.3. GBL

NOTE: JPPSO packages are not prepared for DPM or NTS shipments.

**4.6. Database Inputs.** The Chief, Recovery Flight makes the appropriate AFCIMS or other database inputs for claims needing to be forwarded to other Flights. The claims examiner completes the appropriate AFCIMS input for all other dispositions.

**4.7. Administrative Errors Less than \$25.** In accordance with the Joint Military-Industry Agreement, no refund is made because of an error, administrative or otherwise, on a claim if the refund is \$25.00 or less. If CSC is refunding other items and the payment is over \$25.00, CSC refunds the error. In exchange for this agreement not to grant refunds for \$25.00 or less, the TSP industry and the Military Claims Services have agreed not to offset claims where the dollar amount is \$25.00 or less.

**4.8. Claimant Paybacks (Recoupment).** The Chief, CSC, is the only person authorized to waive a payback. (T-3) The claims examiner should prepare a signed and dated MFR explaining that the amount was found and make a written recommendation as to payment or waiver in the best interest of the Air Force. Present the claim file with the recommendation to the Chief, Recovery Flight.

**4.9. Offset Recommendations.** It is important to review the evidence that establishes elements of the prima facie case in conjunction with the TSP arguments relative to the laws, contracts, regulations, MOUs, and Defense Office of Hearings and Appeal (DOHA) decisions before recommending a claim for offset. When unable to settle a TSP recovery claim within 120 days, prepare a cover letter addressed to the Offset Section and present the claim to the Chief, Recovery Flight.

CHRISTOPHER F. BURNE  
Lieutenant General, USAF  
The Judge Advocate General

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

AFPD 51-5, *Military Legal Affairs*

AFI 23-101, *Air Force Materiel Management*, 29 January 2016

AFI 33-332, *The Air Force Privacy And Civil Liberties Program*, 12 January 2015

AFI 34-201, *Use of Nonappropriated Funds (NAFS)*, 17 June 2002

AFI 51-501, *Tort Claims*, 15 December 2005

AFMAN 33-363, *Management of Records*, 1 March 2008

*DOD Financial Management Regulation 7000.14-R*

*Defense Transportation Regulations 4500.9-R*

DOD 5200.01, Volumes 1-4, *Information Security Program*, 24 February 2012

DOD 5400.7-R, *DOD Freedom of Information Act Program*, 4 September 1998

Executive Order 9397, *Numbering System For Federal Accounts Relating to Individual Persons*, 22 November 1943, as amended

*Federal Claims Collection Standards (Department of the Treasury-Department of Justice)-- Standards for the administrative collection of claims*, 31 CFR Part 901

*Carmack Ammendment to the Interstate Commerce Act*, 49 USC 14706

*Federal Debt Recovery Act*, 31 USC 3718

*Federal Tort Claims Act*, 28 USC 1346(b), 2671-2680

*Freedom of Information Act*, 5 USC 552

*John Warner National Defense Authorization Act for Fiscal Year 2007*, 109 P.L. 364 (17 Oct 06)

*Military Personnel and Civilian Employees Claims Act*, 31 USC 3701, 3721

*Military Claims Act*, 10 USC 2733

*National Guard Technician Act of 1968*, 32 USC 709

*Privacy Act of 1974*, 5 USC 552a

*Uniform Code of Military Justice Article 139*, 10 USC 939

*Allowance List - Depreciation Guide*, 3 Apr 2000

*Missouri Pacific Railroad Company v. Elmore & Stahl*, 377 U.S. 134 (1964)

*Military-Industry Memorandum of Understanding on Loss and Damage Rules*, 1 April 1983

*Military-Industry Memorandum of Understanding on Loss and Damage Rules*, 1 January 1992

*Military-Industry Memorandum of Understanding on Salvage for Code 1 and Code 2 Shipments*, 1 April 1989

*Military-Industry Memorandum of Understanding on Salvage for Code 1 and Code 2 Shipments Addendum*, 11 June 2001

*Joint Military-Industry Agreement on Carrier Recovery Claims \$25 and Under*, 1 May 1987

*Joint Military-Industry Depreciation Guide*, 1 April 2000

*Joint Military-Industry Table of Weights*, (latest version available from AFLOA/JACC-CSC)

*Non-Temporary Storage Depreciation Guide*, (latest version available from AFLOA/JACC-CSC)

### **Adopted Forms**

AF IMT Form 847, *Recommendation for Change of Publication* (Mar 2006)

DD Form 139, *Pay Adjustment Authorization* (May 1953)

DD Form 788, *Private Vehicle Shipping Document for Automobile*(Sept 1998)

DD Form 1131, *Cash Collection Voucher* (Dec 2003)

DD Form 1173, *Uniformed Services Identification and Privilege Card* (Mar 1961)

DD Form 1842, *Claim for Loss of or Damage to Personal Property Incident to Service* (May 2000)

DD Form 1844, *List of Property and Claim Analysis Chart* (May 2000)

SF Form 1034, *Public Voucher for Purchases and Services Other Than Personal* (Oct 1987)

VISF, *Vehicle Inspection and Shipping Form*

### ***Abbreviations and Acronyms***

**AAFES**—Army and Air Force Exchange Service

**AF**—Air Force

**AFCIMS**—Air Force Claims Information Management System

**CSC**—Air Force Claims Service Center

**AFI**—Air Force Instruction

**AFMAN**—Air Force Manual

**AFO**—Accounting and Finance Office

**AFPD**—Air Force Policy Directive

**AFRC**—Air Force Reserve Component

**AFRIMS**—Air Force Records Information Management System

**ALDG**—Allowance List-Depreciation Guide

**ANG**—Air National Guard

**AP**—Amount Paid

**CAC**—Common Access Card

**CONUS**—Continental United States  
**CR**—Carrier Recovery  
**CRC**—Carrier Recovery Claimant  
**CRF**—Carrier Recovery Flight  
**CRI**—Carrier Recovery Insurance  
**CRIS**—Commander’s Resource Integration System  
**DA**—Disaster Area  
**DeCA**—Defense Commissary Agency  
**DFAS**—Defense Finance and Accounting Service  
**DITY**—Do it Yourself  
**DJAG**—Deputy Judge Advocate General  
**DOD**—Department of Defense  
**DODDS**—DOD Dependent Schools  
**DODFMR**—DOD Financial Management Regulation  
**DOHA**—Defense Office of Hearings and Appeals  
**DPM**—Direct Procurement Method  
**DPS**—Defense Personal Property System  
**DRMO**—Defense Reutilization Management Office  
**DTR**—Defense Transportation Regulation  
**F & R**—Fair and Reasonable  
**FM**—Financial Management  
**FMCRA**—Federal Medical Care Recovery Act  
**FOUO**—For Official Use Only  
**FRV**—Full Replacement Value  
**GCM**—General Court-Martial  
**GBL**—Government Bill of Lading  
**GPOV**—Global POV Contract  
**HHG**—Household Goods  
**HQ**—Headquarters  
**JA**—Judge Advocate  
**JAC**—AF Civil Law and Litigation Directorate  
**JACC**—AF Claims and Tort Litigation Division

**JAG**—Judge Advocate General  
**JAZ**—AF Judge Advocate Plans and Policy Division  
**JMIDG**—Joint Military-Industry Depreciation Guide  
**JPPSO**—Joint Personal Property Shipping Office  
**LOV**—Loss of value  
**MAJCOM**—Major Command  
**MCA**—Military Claims Act  
**MCO**—Military Claims Office  
**MFR**—Memorandum For Record  
**MOU**—Memorandum of Understanding  
**NAFI**—Non-Appropriated Fund Instrumentality  
**NDAA**—National Defense Authorization Act  
**NTS**—Non-Temporary Storage  
**OPR**—Office of Primary Responsibility  
**PA**—Privacy Act  
**PCA**—Military Personnel and Civilian Employees Claims Act  
**PCR**—Potential Carrier Recovery  
**PCS**—Permanent Change of Station  
**PED**—Prior Existing Damage  
**POV**—Privately Owned Vehicle  
**POW**—Prisoner of War  
**RDS**—Records Disposition Schedule  
**ROTC**—Reserve Officer Training Corps  
**SCAC**—Standard Carrier Alpha Code  
**SDDC**—Surface Deployment and Distribution Command  
**SIT**—Storage in Transit  
**SOL**—Statute of Limitations  
**TDY**—Temporary Duty  
**TJAG**—The Judge Advocate General  
**TOS**—Tender of Service  
**TSP**—Transportation Service Provider  
**UCMJ**—Uniform Code of Military Justice

**USAF**—United States Air Force

**USO**—United Service Organization

**VISF**—Vehicle Inspection and Shipping Form

**VPC**—Vehicle Processing Center

## ATTACHMENT 2

### APPENDIX 1 – SUMMARY OF CLAIMS HISTORY

#### Summary of Claims History

The following is a brief summary of the laws that Congress has passed over time authorizing the payment of personnel claims to protect the property of armed forces members and civilian employees. Congress has passed these laws in recognition that the personal property of armed forces personnel is often subject to greater risks than civilians' property because of the nature of their service. The benefits Congress has provided service personnel has significantly increased over the years to take into account the changing nature of the service as well as unique situations that members face. However, the laws Congress enacted were never meant to replace the need for the individual member and employee to purchase private insurance to fully protect his or her property.

- 1816 On 9 April 1816, Congress authorized the payment for property lost, captured, or destroyed by the enemy while in the military service of the United States and for other purposes. 14 Cong Ch 40; 3 Stat 261.
- 1849 Another statute that followed in 1849 was limited to loss of personal horses (POV). 30 Cong Ch 129; 9 Stat 414.
- 1885 On 3 March 1885, Congress gave military personnel the right to file claims for property determined to be reasonable, useful, necessary, and proper for an officer or enlisted man to have while in quarters or engaged in public service in the line of duty. Recovery was limited to cases of lost or destroyed property shipped by competent orders aboard an unseaworthy vessel; or loss or destruction of such property when the owner gave his attention to saving government property in danger. This statute excluded claims for losses due to war or Indian hostilities. 48 Cong Ch 335; 23 Stat 350.
- 1915 The 1885 Act was extended to cover loss or damage to baggage in shipment under orders.
- 1918 The 1885 Act was further extended to include members of the Nurses Corps, and covered losses in both war and peace time. That Act also provided that items required by regulation could be claimed, as well as the items mentioned under the 1885 Act. 40 Stat 880.
- 1921 The Act of 4 March 1921 amended the 1885 Act and incorporated the provisions of the 1915 and 1918 amendments into one statute and extended the scope of the Act to cover losses sustained in an incident where the property owner gave his attention to saving-human life or government property, or where property damage resulted from authorized military duties. 66 PL 391; 66 Cong Ch 163; 41 Stat 1436.
- 1943 The 3 July 1943 Act extended coverage to civilian-employees of the Army or War Department, authorized the Secretary of War to delegate his authority to settle claims, and included a finality of settlement provision. Before this Act, all personnel claim settlements were subject to final review by the Comptroller General. 78 Cong Ch 189; 78 PL 112.
- 1945 On 29 May 1945, the Military Personnel Claims Act was enacted and it repealed all previous legislation. This Act enlarged the administrative powers of the Secretary of War with respect to personnel claims. The Judge Advocate General of the Army took final action on all personnel claims under his delegation from the Secretary of War until this statutory authority was transferred, for Air Force personnel, to the Air Force in July 1949. The Act also provided for consideration of claims of military and civilian personnel of the Department when the property was determined to be reasonable, useful, necessary, or proper under attendant circumstances as prescribed by regulation, and the loss, damage, destruction, capture, or abandonment was incident to service. Another provision was that any such claim would be paid unless it was caused in whole or in part by negligence of the claimant, his agent or employee, or occurred at quarters the claimant occupied within the CONUS (excluding Alaska) that the government did not assign to him or her or otherwise provided in kind. The three last provisions of this Act included a one year statute of limitations (but did include a war saving clause), made action of the Secretary or his designees final, and placed no statutory ceiling on the amount of payment. 79 Cong Ch 135; 79 PL 67; 59 Stat 225.
- 1952 On 3 July 1952, Congress amended the 1945 Act by (1) providing that the Secretary of the Department involved or his designee could not pay any claim in excess of \$2,500; (2) providing for payment of survivor claims; (3) increasing the statute of limitations from one year to two years; and (4) requiring that heads of the Departments make an annual report to Congress of claims paid under the Act. 82 Cong Ch 548; 82 PL 439. In June 1956, the statutory maximum was increased to \$6,500, retroactive to July 1952. 84 PL 571; 84 Cong Ch 376.

- 1964 In August 1964, Congress enacted the Military Personnel and Civilian Employees' Claims Act. This Act restated the law that was in effect at that time and made it applicable to all federal agencies; it also increased the settlement authority to \$10,000 for military departments and the Coast Guard. An attorney fee provision was included in the law for the first time; it limited the fee to 10 percent of the amount paid in settlement of each claim. 88 PL 558; 78 Stat 767. On 18 October 1974, Congress increased the amount payable to \$15,000. 93 PL 455; 88 Stat 1381.
- 1980 In December 1980, Congress increased the amount payable to \$40,000 for any claim for damage or loss of personal property in a foreign country incurred on or after 31 December 1978, which resulted from: evacuation from the country on the recommendation or order of the Secretary of State or other competent authority, political unrest or hostile acts by people in that country, and/or acts of mob violence, terrorist attacks, or other hostile acts directed against the United States Government, its officers, or employees. 96 PL 519; 94 Stat 3031.
- 1982 On 28 July 1982, Congress increased the maximum amount payable to \$25,000 for claims arising on or after that date; the increase was not retroactive. 97 PL 226; 96 Stat 245.
- 1988 On 31 October 1988, Congress increased the maximum amount payable on personal property claims to \$40,000. 100 PL 565; 102 Stat 2833.
- 1991 In June 1991, the Mount Pinatubo volcanic eruption near Clark AB, Republic of the Philippines, caused millions of dollars in both government and personal property damage and loss.
- 1992 In August 1992, Hurricane Andrew totally devastated Homestead AFB, Florida, also resulting in millions of dollars of government and personal property damage. Following these two huge disasters, at least 150 Air Force members suffered catastrophic losses of their household property which exceeded the present \$40,000 payment limit under the Personnel Claims statute.
- 1996 In response, the Air Force initiated legislative effort to provide further claims payment for these individuals and future claimants. The final legislative result is Section 1088 of the Fiscal Year 1996 National Defense Authorization Act (NDAA). This legislation contains two parts: 1) a service secretary may approve payment beyond \$40,000 up to \$100,000 for claims which arise from "emergency evacuations and extraordinary circumstances;" and 2) the new secretarial authority may be applied retroactively to the beginning of the Personnel Claims Act. 104 PL 106; 110 Stat 186.
- 2006 On 17 October 2006, Congress amended 10 USC 2636a to authorize the Secretary of Defense to contract with carriers to provide for full replacement value on loss or damage to baggage and household goods of active duty military members and civilian employees. The deadline for contract changes was established as 1 March 2008. 109 PL 364; 120 Stat 2083 (2167).
- 2011 On 7 Jan 2011, Congress authorized the military services to pay full replacement value under limited circumstances when household goods are lost or destroyed during a shipment where any part of the shipment was carried under a contract that provided for full replacement value. The limited circumstances include situations where the carrier is excluded from liability, the damage occurred while in the possession of an ocean carrier, or a carrier denies liability claiming a prior handler is responsible. 111 PL 383; 124 Stat 4194. See also 10 USC 2740.