

SALVAGE RIGHTS

(and your rights as an agent of National Forwarding Company)

The carrier has a common law right to salvage any item for which it pays replacement, or depreciated replacement cost. That has always been the case. However, on military shipments, there used to be nothing to enforce this right, and the carrier would not receive any compensation or assistance if the member refused to give up an item for which he had been compensated at replacement value.

When the Memorandum of Understanding on Salvage went into effect on May 1, 1987 (same time that carrier liability went from sixty cents per pound per article to the \$1.25), it gave the carrier a certain time frame to collect an item for salvage, and a process to follow if the member didn't cooperate. It also allowed the carrier to take 25% off of the amount they pay for an item, if they are denied their salvage rights.

National Forwarding always sends out a copy of the Demand on Carrier to its agents before we settle the claim. This must be the time that you as an agent review the claim, if you are interested in salvage. We must attempt to take salvage with 30 days of the date we receive the claim from the government, in accordance with the above MOU on salvage. In other words, we can't wait until we're settling the claim, as by then we'll have already lost our right to take salvage.

If you are a destination agent, you are generally authorized by NFC to act on our behalf and collect an item for salvage, should you review the Demand and decide you want an item. Just remember the following:

- 1) When we send you the Demand, before our settlement where we are asking you for comments in advance of our settlement, this is the time for you to look for salvageable items. Call us if you see something you can pickup, and we'll almost always authorize you to pick it up, whether you are liable or not. If you are D/A, you are the only one close enough to pick it up.
- 2) You need to let us know immediately if you are pursuing salvage, because we've already had the claim for a week or more when you get your copy. Review these within a week of your receipt to ensure we can still meet our 30 day deadline.
- 3) Notify us immediately if you find the shipper has thrown something away or won't give up an item for salvage. If we notify the base within the above 30 day window, we are entitled to 25% off of the amount of the item when we pay the claim.

Call us at 800-325-6889 with any questions.

Kevin Spealman
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Claims & Customer Service