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TO: Agents & Haulers of National Forwarding Co., Inc. & Affiliates

FROM: Michael Czarnecki, Vice President, Claims & Customer Service

SUBJECT: 15 May 2021 Changes: Claims Updates
Memo 3 of 4

This memo, Claims Updates, is the third in a four-part series of memos NFC will be releasing regarding changes effective for all shipments picked up 15 May 2021 and after in the:

- [Tender of Service](#)
- [400NG](#)
- [Claims Liability Business Rules](#)
- [IT-21](#)

Several of the changes made in these documents impact claims policies and documentation. Below, we've outlined the claims-related changes that are pertinent to the duties of agents and haulers. Please note that quotation marks indicate that the section has been pulled directly from the original document, and changes and additions are in red.

Claims Liability Business Rules

Page 18, 2.3.2. – Burden of Proof

"The TSP is responsible for ensuring the inventory accurately reflects the true condition of items. This responsibility extends to acknowledging the working condition of appliances or other electronic items. The TSP is responsible for coordinating with the customer to verify the working condition of appliances and other electronic items (i.e. during the pre-move survey). In the absence of condition codes or other notes on the inventory, items are assumed to be in good working condition. The use of codes such as 'Mechanical Condition Unknown' on inventories is only permitted in documented instances where the customer is unable or unwilling to demonstrate the working condition of an item. The presence of codes such as 'Mechanical Condition Unknown' on an inventory does not preclude a customer from filing a claim for an item, provided the customer provides proof of working condition to support the claim (i.e. a video recording of the item functioning, a sworn statement of working condition, or other such evidence). Purposefully misrepresenting the condition of items on inventories will not be tolerated. Additional TSP inventory requirements are outlined in relevant Tenders of Service."

Note this rule is replacing the 'Internal Damage Rule 2.3.2.' Note that agents are no longer allowed to use 'MCU' as a condition code, unless the service member is not able to demonstrate working condition of an electronic item. All electronics should be tested by the crews at the time of packing and/or loading; or when those specific items are being inventoried. 'MCU' has never released a TSP from liability when there is internal and/or external damage to an item; however, USTC has made this change to further demonstrate that 'misrepresenting the condition of items on inventories will not be tolerated.' NFC and NCS will still complete their due diligence to verify damaged electronics via inspections, statements, etc.

Page 12, Section B.11.e: Real Property Damage and Protective Coverings

USTC has made substantial rule changes to how real property damage must be prevented and reported, in addition to more extensive changes to inconvenience/delay claims. Changes can be found in the 2021 DP3 Tender of Service document.

"I acknowledge that I am responsible for real property damage. Prior to a pack-out/delivery, I will install floor coverings in high traffic areas of interior areas (finished living spaces (e.g. floor coverings for entry and interior hallways). In addition, I will protect doorways in high traffic areas (e.g. entry doorways, etc.) prior to a pack-out/delivery. Upon arrival and before departure from residence, I will conduct a joint inspection (walk-around) with the customer and report real property condition and note any damages (interior and exterior) in writing to the member on the "DP3 Real Property Damage Form" located on Move.mil. I will advise the customer they must notify the responsible TSP within five (5) GBDs of the damages found during the packout/pickup/delivery and provide contact information. The customer must request a claim and seek recovery/restitution directly from the responsible TSP. The TSP must allow the customer to file a claim for any damages to Real Property with the TSP. I must provide the "DP3 Real Property Damage Form" to the customer at packout/pickup/delivery."

NFC will provide our agents with a pre-populated 'Real Property Damage Form' for each step of the move – packing, loading and delivery. Please note that the previous rules was that the service member had **5 business days** to report real property damage. The change above will now allow the service member to report the damage within **7 calendar days**. NFC will also be providing the service member with an electronic copy of the property damage form, which will include the contact information for our Claims Department, should damage be found after the crew/driver leaves the residence. This document must be completed, as USTC has already put industry on notice that LOWs and suspensions will be issued if the required form is not completed. In addition, USTC has advised industry that protection in high traffic areas must be used. QAs and QCs completing in-person inspections will be on high alert to make sure this is being completed.

Page 14, Section B.12.d-e: SIT Inconvenience Claims

Previously, shippers were entitled to inconvenience claims when agents could not deliver out of SIT within 5 days of the requested date in non-peak, or 10 days in peak. USTC has changed the acceptable windows for delivery to be the same for peak and non-peak to 7 GBDs of the request, plus an additional 2 GBDs if the requested delivery date is outside of the next 7 GBDs. Please see the wording from the TOS below.

"d. Reimbursement: (2) Should the customer claim actual out-of-pocket expenses which exceed the baseline payment amount, they will provide an itemized list of ALL expenses supported by receipts for reimbursement. This process affords DoD customers and families a method of collecting actual out-of-pocket expenses beyond the baseline amount. The customer will be authorized either the per diem amount or the actual out of pocket, expenses whichever is greater. All expenses claimed beginning the eighth (8th) day must be documented with receipts.

e. SIT: (1) I am responsible for an inconvenience claim payment when a shipment goes into SIT if the shipment was placed into SIT without notifying the customer.
(2) I am responsible for an inconvenience claim payment when a shipment is placed into SIT when I am unable to deliver the shipment out of SIT within the following dates whichever is later:

a. Within seven (7) GBDs of the date the customer makes first contact requesting delivery or

b. Within two (2) GBDs of the requested delivery date when the requested date exceeds seven (7) GBDs from when the customer makes first contact requesting delivery."

If these requirements are not met, we will be forced to offer the service member

reimbursement through an inconvenience/delay claim. In addition to these changes, NFC will also be required to provide service members with a pre-populated "Inconvenience Claim Form" for all delays where the RDD is missed or the delivery out of SIT guidelines are not met.

Please note that this is not an all-inclusive list of the changes effective 15 May 2021, and we encourage our agents and haulers to review the documents referenced. The final memo in this series will be the following:

- Memo 4: International Shipment Updates

If you have any questions, please feel free to reach out to National Claims Service at ncs@nationalvanlines.com.

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