



LEGAL BRIEFS

From the Fort Knox Claims Office

24 September 2014

UNDERSTANDING FULL REPLACEMENT VALUE COVERAGE

- 1. Full Replacement Value (FRV) for lost, damaged or destroyed items.** If you file your claim directly with the carrier within 9 months of delivery, the carrier is required to replace and item that is lost or destroyed with a new item or pay you the cost of a new item of similar kind and quality without deducting for depreciation. An item is considered destroyed if it cannot be repaired or if the cost of the repair would exceed the cost of a new item. The carrier is not required to replace items which can be repaired for less than the Full Replacement Value of the item. The carrier is only required to arrange for repair of those items or to pay for the cost of the repairs. Repair will be to the extent necessary to restore the item to the condition noted when the carrier received the item for shipment.
- 2. Timely Notice.** In order to be paid for an item the loss or damage to the item must be reported to the carrier **within 75 days** of the date of delivery. The carrier's agent should list all missing and damaged items that are discovered on the day of delivery on a DD Form 1840 or similar form which you will sign upon completion of your delivery. Three copies of this form should be left with you by the carrier on the day of delivery. Items which are discovered to be missing or damaged after delivery must be listed on the reverse side of DD Form 1840, known as the DD Form 1840R or similar delivery document. The Notice of Loss or Damage form must be received by the carrier **within 75 days** after delivery. Alternatively, any notice of loss or damage may be delivered to the nearest military claims office within 70 days and we will submit to the carrier for you.
- 3. Claims must be filed within 9 months to receive FRV.** Submission of a DD Form 1840/1840R or other Notice of Loss or Damage does not constitute the filing of a claim. Once you have filed the DD Form 1840/1840R or other Notice of Loss or Damage within the original 75 day period, you must submit an electronic claim via the Defense Personal Property System (DPS) at www.move.mil or a paper claim listing the items lost or damaged to the carrier within 9 months after the date of delivery. Be cautious not to confuse the timelines for submission of the Notice of Loss or Damage and the filing of the actual claim. You do not need to obtain estimates for repair in order to file your claim. The carrier is responsible for obtaining estimates, if you file your claims directly with the carrier **within 9 months of delivery**. Do not delay filing your

claim past the 9 month deadline in order to obtain additional information that you believe the carrier may need. If your claim has been timely filed, additional information may be presented at a later time.

4. **Limits of Liability.** A carrier is liable for a minimum of \$5,000 on any shipment regardless of the shipment's weight. For shipments that weigh more than 1,250 pounds, liability is limited to \$4.00 per pound time the total weight of your shipment, up to a maximum of \$50,000. If the amount of your loss exceeds the carrier's maximum liability you may file with the Army for any loss in excess of the carrier's payment. However, the Army can only pay the depreciated replacement value or repair cost, whichever is less, for those items for which the carrier did not pay.

5. **Filing a Claim with the Army.** You still have the right to file a claim with the Army, within two years after the date of delivery. If you file with the carrier within the 9 months but are denied payment or are unwilling to accept the carrier's offer for certain items, you can file a claim for those items with the Army. If you file with the Army you will only be paid depreciated value for lost or destroyed items. The Army will settle your claim and then attempt to recover FRV from the carrier (if the carrier was liable for the item) and will pay you the difference between FRV and the depreciated value when and if it is recovered. Remember, you must notify the carrier of loss or damage, file your claim with the carrier within 9 months for FRV before you may file your claim with the Army. Although you may not be filing with the Army you may contact any military claims office for clarification of filing instructions or assistance at any time during the process. Do not hesitate to ask for assistance.