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Changes in the Process and Adjudication of Claims for Personal Property

A Mandatory Reference for
ADS Chapters 521 and 522

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The Department of State adopted certain Department of Defense procedures for the process and adjudication of employees' personal property claims; i.e., claims resulting from an employee's personal property being transported and/or stored at USG expense. Listed below are non-exclusive changes that affect the manner in which he/she will be required to substantiate claims prior to receiving final payment.

- There is no longer a minimum adjudicated amount that can be paid.
- The employee must provide a letter of intent (LOI) within 75 calendar days of receipt of his/her property to the claims office if the claim cannot be filed within that period of time. All potential losses and/or damages must be itemized in the LOI. The purpose for this procedure is to ensure employees are given the opportunity to request compensation for ALL damages. Additionally, this facilitates this office subrogating against the third party causing the damage. The third party can refuse subrogation if the damaged/missing property is not listed on the LOI. If failure to list the damaged/missing property on the LOI causes the third party to refuse payment on subrogation, the amount this office could have otherwise received will be deducted from compensation for the employee's claim. Employees MUST also be mindful that occasionally third parties will offer inadequate amounts of monies as compensation for loss. If an inadequate amount is accepted, the remainder of the subrogated amount cannot be collected. The difference will be deducted from compensation as is reflected in the LOI. This 75 day limitation in no way obviates the need to file a claim within two years from the date of receipt of the property.
- Damage to one's privately owned vehicle (POV) must be noted on the delivery receipt immediately upon delivery. The 75 calendar day limitation does not apply in the case of a damaged POV.
- Fast track claims - completely documented claims that are \$1,000 or less will be processed and adjudicated within five (5) working days. Claims against an insurer must be settled prior to being filed under the "fast tract" process.
- No depreciation will be taken on a firearm if it is of a type that would normally increase in value.
- No depreciation will be taken on antique furniture or expensive solid wood furniture, such as cherry, walnut, teak, rosewood, oak, etc., except for replacement of fabric.
- No depreciation will be taken on sterling silver items.
- No depreciation will be taken for expensive jewelry made substantially of gold, silver, or other precious metals or gems.
- No depreciation will be taken on wedding albums.

In view of the foregoing, a very high premium will be placed on dates of acquisition, replacement costs, and substantiating claims. Employees are, again, reminded and encouraged to purchase insurance policies to help defray cost of compensation for repair/replacement of personal property damaged/missing while being transported/stored at U.S. Government expense.

When employees inherit personal property from family members, it is presumed to be antiques and/or heirlooms, but the employee is not aware of the cost of the item. When this type of property sustains damage and/or is missing from the shipment or storage at USG expense, it is difficult, if not impossible, to determine the value of the property. Consequently, determining the proper amount of compensation that should be awarded is impossible. The date property is inherited is not the "date of acquisition". In order to alleviate this problem, employees are encouraged to obtain appraisals to ascertain some type value of the property before putting it in storage or shipping it overseas. This same policy applies to expensive gifts. While it is understood that it is considered inappropriate to ask an individual giving the gift for the price, for claims purposes, it is necessary.

NOTE: It continues to be USAID policy that "appreciation" in value of property WILL NOT be paid relative to personal property claims.

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