

### § 619.3

(b) Carriers with “conditional” or “insufficient information” ratings may be used to transport DOD general commodities provided that such carriers certify in writing that they are now in full compliance with Department of Transportation safety requirements.

(c) Carriers transporting hazardous, secret materials or sensitive weapons and munitions, or any shipment, regardless of commodity, which requires a Transportation Protective Service (TPS) will not be used if the safety rating is less than satisfactory.

#### § 619.3 Operating authorities.

Carriers will submit copies of all certificates authorizing operations as a common carrier (interstate and intrastate) needed to transport DOD traffic.

#### § 619.4 Insurance—Public liability and cargo.

(a) *Public liability.* Motor carriers, surface freight forwarders, shipper agents and air freight forwarders will submit proof of public liability to MTMC on a certificate of insurance form issued by the insurance company. Expiration dates will not be reflected on the certificate, the policy must be continuous until canceled. However, the deductible portion will be shown on the certificate. The insurance underwriters must be rated in Best’s Insurance Guide, or listed in the Fiscal Service Treasury Department Circular 570, Listing of Surety Companies. The certificate holder block of the form will indicate that HQMTMC, 5611 Columbia Pike, Falls Church, Virginia 22041-5050, ATTN: MTOP-QQ, will be notified, in writing, 30 days in advance of any change or cancellation. The public liability requirements are specified in 49 CFR 387.9. Surface freight forwarders and shipper agents will submit proof of \$1 million public liability (death and bodily injury, property damage, and environment restoration).

(b) *Cargo.* Motor common carriers, surface freight forwarders, shipper agents and air freight forwarders must have their insurance company provide a certificate of insurance form. The deductible portion will be shown on the certificate. The insurance underwriter must have a policyholder’s rating in the Best’s Insurance Guide, listed in

### 32 CFR Ch. V (7–1–99 Edition)

the Fiscal Service Treasury Department Circular 570, Listing of Surety Companies or specifically approved by HQMTMC. DOD’s minimum cargo insurance requirements are listed below:

(1) Motor common carriers, including classes A and B explosives, but excluding perishables and bulk fuel—\$150,000 per shipment.

(2) Automobile transporters or carriers which move vehicles in haul-away/drive-away service—\$20,000 per vehicle transported.

(3) Perishable carriers—\$80,000 per shipment.

(4) Bulk fuel—\$25,000 per shipment.

(5) Surface freight forwarders, shipper agents and air freight forwarders—\$250,000 per shipment.

[58 FR 44405, Aug. 20, 1993, as amended at 61 FR 49061, Sept. 18, 1996]

#### § 619.5 Financial records.

(a) Motor carriers must furnish financial statements certified by the company Chief Executive Officer, President or Owner. These financial statements must include company certified balance sheets and income statements for the last 3 taxable years. Motor carriers in existence less than 3 years, but more than 12 months, must provide company certified copies of all balance sheets and income statements from the date business was commenced. Carriers in business less than 12 months must provide a company certified balance sheet showing all assets and liabilities. Motor carriers must furnish financial data at MTMC’s discretion when considered necessary to assure satisfactory performance and avoidance of motor carrier financial problems. This financial data includes, but is not limited to the following:

(1) Company certified financial statements.

(2) CPA review (including footnotes) of financial statements.

(3) CPA audit and opinion (including footnotes) of financial statements.

(4) Financial statements must reflect a 1 to 1 ratio (liquid assets—current liabilities).

(b) All carriers must also state the extent of their financial interests in other transportation companies or their affiliation with any person or

firm holding interests in other transportation companies to include:

- (1) Majority or minority ownership.
- (2) Familiar relationships.
- (3) Voting of securities.
- (4) Common directors, officers and/or stockholders.
- (5) Voting trusts.
- (6) Holding trusts.
- (7) Associated companies.
- (8) Contract or department relationships.

(c) This information will be used to determine if common financial and administrative control exists with other companies, or if individuals or associated companies are affiliated with those who have been debarred by the Government.

#### § 619.6 Information.

Motor carriers, surface freight forwarders and shipper agents will provide HQMTMC the following information:

- (a) A listing of company's officers with their title.
- (b) A listing of the company's owners and the percentage of ownership of each.
- (c) Company background and history, including the year the company was formed.
- (d) A list, by type and quantity, of all owned and/or leased equipment. MTMC will not approve any motor carrier that does not own and/or have permanent leases for equipment.
- (e) The number of personnel employed, to include company drivers and number of drivers under lease. A motor carrier must be able to show it has a minimum personnel force in order to operate effectively.
- (f) A list of terminal locations including the street address and telephone numbers, and descriptions of the terminal facilities.
- (g) Three reference letters from shippers served during the previous 12 months.
- (h) Proposed services by type of service, traffic lane, or geographical area. MTMC will review equipment inventories and permanent lease agreements in relationship to proposed service. In those instances where a carrier's equipment inventory indicates they cannot provide the proposed service, MTMC

will request a meeting with the carrier to review proposed service.

- (i) Copies of driver hiring, screening, and training procedures.
- (j) Disadvantaged (minority) and women-owned business certification (if applicable).

(k) In addition to information contained in (a) through (h) and (j) above, exempt surface freight forwarders, shipper agents and air freight forwarders must furnish a listing of the carriers which they have contract with and intend to use in the movement of government shipments. Information must include the complete company name, company officials to include their position and title, home office address, telephone number, 24-hour emergency point of contact for shipment status, and FHWA operating authority number of each carrier.

[58 FR 44405, Aug. 20, 1993, as amended at 61 FR 49061, Sept. 18, 1996]

#### § 619.7 Performance Bond.

(a) Motor carriers. (1) Carriers having done business in their own name with DOD for 3 years or more will be required to submit a Performance Bond in the amount of 2.5% of their total DOD revenue, taken from the freight Information System Report (FINS), for the previous 12 months, not to exceed \$100,000 and not less than \$25,000.

(2) New carriers and those carriers having done business in their own name with the DOD for less than 3 years will be required to submit a Performance Bond based on areas of service they offer (computed as both origins and destinations served), that is, 1 state (including intrastate)—\$25,000, 2 to 3 states—\$50,000, and 4 or more states—\$100,000.

(3) Once a carrier has been doing business with the DOD for 3 years, their bond requirement will change from area of service to percent revenue.

(b) Bulk fuel carriers and perishable carriers will be required to submit a \$25,000 Performance Bond.

(c) Local drayage and commercial zone carriers are exempt from the bond requirement.

(d) Surface Freight Forwarders, Shipper Agents and Air Freight Forwarders. Due to the volume of traffic