

Federal Property Management Regulations

§ 101-40.703-3

of ammunition, explosives, or other hazardous articles (as identified in 49 CFR part 172) shall be reported by telephone within 24 hours after discovery to the agency or activity responsible for the shipment. In addition, SF 361 shall be prepared and distributed immediately to any addressees as may be required by the agency's regulations.

(e) Pilferage, theft, or loss, regardless of dollar value, occurring in a shipment of (1) security classified material, (2) protected (sensitive) material; e.g., small arms, which are highly pilferable and have a ready use during civil disturbances or a sale potential in illicit markets, or (3) protected (controlled) material; e.g., money, negotiable instruments, precious metals, or alcoholic beverages, shall be reported by telephone within 24 hours after discovery to the agency responsible for the shipment. In addition, a written discrepancy report shall be prepared and distributed immediately.

[42 FR 25859, May 20, 1977, as amended at 43 FR 24063, June 2, 1978; 51 FR 24341, July 3, 1986; 51 FR 27539, Aug. 1, 1986; 52 FR 21034, June 4, 1987]

§ 101-40.703 Notification of carrier.

§ 101-40.703-1 [Reserved]

§ 101-40.703-2 Notice of visible loss, damage, or shortage.

(a) Usually, it is sufficient to notify the last line-haul or delivering carrier (not a drayage or switching carrier) of a shipment discrepancy by annotating the carrier's delivery receipt. This notation shall be entered on the consignee's copy of the delivery receipt. When the carrier's delivery receipt is not available at the time of delivery of the shipment, notification shall be made within 24 hours by telephone to the nearest office of the delivering carrier to provide the carrier an opportunity, if desired, to verify the loss, damage, or shortage. Except as provided in § 101-40.702-3(a), in every instance of damage or shortage, the agency shall notify the carrier on SF 361 within 7 calendar days of receipt of the shipment and invite the carrier to perform an inspection, except in those instances where it is known that the total amount of damage or shortage, or the value of repairs or replacement, in-

cluding unearned freight charges, on a single bill of lading or other transportation document, does not exceed \$50. If the carrier waives the opportunity to perform an inspection, the responsible Government employee receiving the shipment shall make a written record of the waiver, including the date the request for inspection was made and the name of the carrier representative who was contacted and waived inspection. In the instance of an international shipment by an ocean or air carrier, SF 361 shall be furnished the carrier before the property is removed from the carrier's possession, except as provided in § 101-40.702-1(b).

(b) If the damaged property is of a perishable nature or is in such a condition as to be potentially injurious to life, health, or property, prompt notification to the carrier shall be made by telephone and confirmed in writing. If the carrier fails to perform a timely inspection and to participate in the disposition proceedings, necessary steps shall be taken to dispose of the property in a manner which will mitigate the loss to the carrier and avoid injury to other property or persons.

(c) In the instance of a domestic shipment, if the lost or damaged shipment involves nonperishable material, the property shall be held for a reasonable time (usually 5 workdays after notification) to allow the carrier time to complete inspection.

(d) When an entire shipment is lost, the consignee shall notify the origin carrier by telephone and use SF 361 to confirm the notification.

[42 FR 25860, May 20, 1977, as amended at 51 FR 24341, July 3, 1986; 51 FR 27539, Aug. 2, 1986]

§ 101-40.703-3 Notice of concealed loss, damage, or shortage.

(a) *Domestic shipments.* When loss, damage, or shortage that was not apparent at the time of delivery is subsequently discovered, and the total amount of loss, damage, or shortage, including unearned freight charges, where applicable, on a single bill of lading or other transportation document, is known to exceed \$50 or the amount (\$50 or less) set by the agency

§ 101-40.704

pursuant to §101-40.702.3(a), the delivering carrier (not a drayage or switching carrier) shall be notified by telephone and requested to inspect the property involved. Unless there are extenuating circumstances, the notification and request for inspection shall be made by telephone not later than 15 calendar days from the date of receipt of the shipment and confirmed on SF 361. SF 361 shall include the date the telephone request for inspection was made and the name of the carrier's representative who was contacted. A copy of the notification and request for inspection shall be retained for possible claim purposes. Wrappings, packing materials, and any unopened packages shall be retained for the carrier's inspection. A copy of the carrier's inspection report shall be requested for use in determining liability or preparing a claim. If the carrier fails to make an inspection within a reasonable time as stated in §101-40.703-2(c), or if the carrier waives the opportunity to perform an inspection, the carrier shall furnish an oral or written waiver as provided in SF 361.

(b) *International shipments.* When loss, damage, or shortage that was not apparent at the time of removal of the property from the carrier's possession is subsequently discovered when the packages are opened, the carrier shall be notified promptly in writing using SF 361. When an ocean carrier is involved, the written complaint shall be given to the carrier or its agency at the port of discharge within 3 calendar days of delivery (46 U.S.C. 1303(6)). When an international air carrier is involved, a written complaint to the carrier shall be given within 14 calendar days of receipt of the property (Article 26 of the Warsaw Convention, 49 Stat. 3020, as interpreted and applied by the Civil Aeronautics Board in its Order 78-8-10 of August 3, 1978). Written notice to ocean and international air carriers shall indicate a reasonable period of time for inspecting concealed loss or damage.

[51 FR 24342, July 3, 1986; 51 FR 27539, Aug. 2, 1986, as amended at 52 FR 21034, June 4, 1987]

41 CFR Ch. 101 (7-1-00 Edition)

§ 101-40.704 Disposition of damaged property.

§ 101-40.704-1 Transportation for account of the Government.

(a) *Repair and utilization.* Where damaged property can be repaired economically and satisfactorily, arrangements shall be made by the Government agency paying the transportation charges, or its authorized representative, to have the repairs effected and to claim against the carrier for the costs thereof. Alternatively, the carrier may be allowed to perform the repairs or make the necessary arrangements therefor, subject to inspection and acceptance by Government agency inspectors or other designated representatives. However, in no case shall property subject to security regulations be released to the carrier or to any unauthorized personnel for repair.

(b) *Allowance for damage.* When the agency finds it not desirable or feasible to make repairs immediately, and the carrier does not make repairs, the amount of damage or the cost of making repairs in the future may be determined by appropriate means (e.g., by mutual agreement of representatives of the carrier and the Government or by estimates obtained from qualified and disinterested parties).

(c) *Rejection.* (1) Property may be rejected to the carrier and claim made for its full value only when it has been damaged to the extent that it has no salvage value or it is not economically repairable; that is, the cost of repairs would exceed the appraised value of the repaired item (see exception in paragraph (c)(3) of this section).

(2) When it is determined that property has been damaged to the extent that it has no salvage value or is not economically repairable, and that it can be abandoned, the carrier shall be notified promptly of the location of the rejected property and shall be requested to make appropriate disposition of it.

(i) If the carrier refuses to accept the rejected property, the agency shall request, in writing, that the carrier furnish a written statement of the reason for refusing the property. Upon receipt of the written refusal, the agency shall