

# Management Instruction

## Processing Trailer Damage Claims

This management instruction (MI) establishes an expedited method of processing trailer damage claims submitted by highway transportation contractors and leased trailer suppliers.

### Background

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Highway contractors and/or leased trailer suppliers occasionally incur damages to their trailer equipment through the fault or negligence of the Postal Service. To be reimbursed, a contractor must provide a properly documented claim.

### Scope

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An eligible contractor may claim, and is entitled to receive, the actual cost of returning his or her trailer to its condition before the damage occurred or replacing the trailer with one of like condition, whichever amount is less. Other claims that are available to a contractor under the contract or any applicable laws are not limited by the procedures outlined in this MI. However, the Postal Service will not process more than one contract claim for a single incident of damage.

### Procedures

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#### Submitting Claims

To submit a claim, a contractor must:

1. Obtain a copy of PS Form 5201, *Mail Van Inspection*, from the facility where the damage occurred. Identify the nature and extent of the damage, the vehicles or equipment involved (by vehicle number), the contract number, the date the damage was incurred or discovered and, if known, the name of facility where the damage occurred.

Date	May 24, 2001
Effective	Immediately
Number	PO-530-2001-2
Obsoletes	MI PO-530-89-1
Unit	Transportation Field Support

  
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#### CONTENTS

<b>Background</b> .....	1
<b>Scope</b> .....	1
<b>Procedures</b> .....	1
Submitting Claims .....	1
Processing Claims .....	2
Establishing a Repair Reimbursement Schedule .....	2
Allocating Expenses .....	3

2. Submit a signed Standard Form (SF) 95, *Claim for Damage, Injury, or Death*, within 60 days of the date damage was incurred, to the manager, Transportation Contracts (MTC), who has jurisdiction for the particular route. A written statement must be included certifying that damage was caused by Postal Service negligence accompanied by the PS Form 5201.
3. Include estimates and all supporting documentation, such as photos, accident reports, witness statements and/or notes from physical inspection of the equipment to substantiate the claim. Obtain verbal approval for claims under \$100 from the local administrative official prior to repairs. For damages over \$100, two repair estimates must be obtained and submitted with the SF 95 to the area MTC.
4. Submit proof to the area transportation contract office, as required by the MTC, that repairs have been made to trailer equipment.

## **Processing Claims**

To process a claim, the area MTC must:

1. Review the claim and all supporting documentation provided by the contractor.
2. Complete PS Form 7440, *Contract Route Service Order*, within 28 days of receipt.
3. Return the claim to the contractor if further documentation or information is required as described under Submitting Claims. An explanation letter denying the claim should be sent if claim is unacceptable.
4. Adjudicate, in case of disputed claims, in accordance with the claims and disputes clause of the particular contract.

*The MTC makes the final decision on all payments for reimbursement of trailer damage claims.*

## **Establishing a Repair Reimbursement Schedule**

To establish a repair reimbursement schedule, the area MTC, or a designee, based on the type of contract, may:

1. Negotiate an individual schedule with a highway contractor.
2. Describe in each schedule the specific repair items to be covered, the length of time the schedule remains in effect, and an agreed upon reimbursable amount for each item, when possible.
3. Discuss with a contractor any scheduled repairs over the maximum allowable limits of between \$500 – \$1,000 per item and establish each schedule for a recommended term of at least one year.

4. Ensure all damage claims, for the specified types of damage covered by the schedule, are applied to the schedule in effect on the date a claim is made by a contractor.

## **Allocating Expenses**

To allocate expenses, the area MTC must:

1. Show a specific facility's finance number on each PS Form 7440, along with the charges attributable to the facility, and account number 53137 (Damage to Highway Vans) if the trailer's damage can be attributed to a specific facility.
2. Charge the finance number on the PS Form 7440 of the last facility served by the route prior to discovery of damage when trailer damage can't be attributed to a specific facility.
3. Apply these procedures to both inter- and intra-area transportation. Provide an information copy of PS Form 7440 to each plant being charged for damages. Provide a copy of PS Form 7440 to all Distribution Networks Offices (DNs) involved if the route on which equipment is damaged serves two or more DN areas.
4. Monitor all damage caused by facilities in his or her jurisdiction and request affected offices to take necessary preventive and corrective actions to minimize any damage.