



United States
General Accounting Office
Washington, D.C. 20548

Office of the General Counsel

B-271364

July 1, 1996

AFLSA/JACC
172 Luke Avenue, Suite 343
Bolling Air Force Base
Washington, DC 20332-5113

Dear Sirs:

This is in regard to an appeal by Resource Protection on behalf of American Vanpac Van Lines from our Claim Settlement No. Z-2862806, dated October 22, 1992, regarding the household goods shipment of Martin Siebrocki which moved under GBL # TP 003 480. Resource filed its appeal by letter of October 31, 1992 (copy enclosed), but the appeal was never received in our Office. The matter was refiled on January 2, 1996.

Following the shipment of the household goods your office setoff \$1,920 against American Vanpac Van Lines on behalf of United States Automobile Association (USAA), which had settled the claim directly with the member. In our October 22, 1992 settlement, we found the carrier remained liable for the full amount.

In its appeal, Resource Protection argues that the \$1,920 was based on replacement value of the lost or damaged items and no depreciation was taken. Resource Protection contends that, notwithstanding the private insurer's settlement terms with the member, the carrier is only liable for the depreciated value of a lost or damaged item under the Joint Military-Industry Memorandum of Understanding (MOU).

We agree. Under both the MOU and the Air Forces' regulations, the carrier is liable for the depreciated replacement cost, repair cost or its contractual liability, whichever is less. (Air Force Regulation 112-1, paragraph 6-60) Also see Fogarty Van Lines, B-248982, Aug. 16, 1993.

Therefore, we find that the claim of the member should be adjudicated using the depreciation rates found in the MOU and the amount setoff against the carrier adjusted accordingly.

Sincerely yours,

Lowell Dodge
Associate General Counsel

Enclosure

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DIGEST

When Air Force set off against carrier amount paid by private insurer to member for loss or damage to household goods, items should have been depreciated in accordance with Joint Military-Industry Memorandum of Understanding, notwithstanding that private insurer reimbursed member underpreciated replacement cost.