

Claims Report

United States Army Claims Service

Personnel Claims Notes

1997 Table of Adjusted Dollar Value

The table below updates the 1996 Table of Adjusted Dollar Value (ADV) printed in the May 1997 edition of *The Army*

Lawyer.¹ In accordance with *Army Regulation 27-20*, paragraph 11-14c, and *Department of Army Pamphlet 27-162*, paragraph 2-39e, claims personnel should use this table only when no better means of valuing property exists.

Year Purchased	Multiplier for 1997 Losses	Multiplier for 1996 Losses	Multiplier for 1995 Losses	Multiplier for 1994 Losses	Multiplier for 1993 Losses
1996	1.02				
1995	1.05	1.03			
1994	1.08	1.06	1.03		
1993	1.11	1.09	1.05	1.03	
1992	1.14	1.12	1.09	1.06	1.03
1991	1.18	1.15	1.12	1.09	1.06
1990	1.23	1.20	1.17	1.13	1.11
1989	1.29	1.26	1.23	1.20	1.17
1988	1.36	1.33	1.29	1.25	1.22
1987	1.41	1.38	1.34	1.30	1.27
1986	1.46	1.43	1.39	1.35	1.32
1985	1.49	1.46	1.42	1.38	1.34
1984	1.55	1.51	1.47	1.43	1.39
1983	1.61	1.57	1.53	1.49	1.45
1982	1.66	1.63	1.58	1.54	1.50
1981	1.77	1.73	1.68	1.63	1.59
1980	1.95	1.90	1.85	1.80	1.75
1979	2.21	2.16	2.10	2.04	1.99
1978	2.46	2.41	2.34	2.27	2.22
1977	2.65	2.59	2.51	2.45	2.38
1976	2.82	2.76	2.68	2.60	2.54
1975	2.93	2.92	2.83	2.75	2.69
1974	2.26	3.18	3.09	3.01	2.93
1973	3.61	3.53	3.43	3.34	3.26
1972	3.84	3.75	3.65	3.55	3.46
1971	3.96	3.87	3.76	3.66	3.57

1. See Personnel Claims Note, *1996 Table of Adjusted Dollar Value*, ARMY LAW., May 1997, at 80.

Do not use this table when a claimant cannot substantiate a purchase price. Additionally, do not use it to value ordinary household items when the value can be determined by using average catalog prices.

To determine an item's value using the ADV table, find the column for the calendar year in which the loss occurred. Multiply the purchase price of the item by the "multiplier" in that column for the year in which the item was purchased. Depreciate the resulting "adjusted cost" using the Allowance List-Depreciation Guide² (ALDG). For example, the adjudicated value is \$219 for a comforter purchased in 1990 for \$250 and destroyed in 1995. To determine this figure, multiply \$250 times the 1990 "year purchased" multiplier of 1.17 in the "1995 losses" column for an "adjusted cost" of \$292.50. Next, depreciate the comforter as expensive linen (item number 88, ALDG) for five years at a five-percent yearly rate to arrive at the item's value of \$219.

The U.S. Department of Labor calculates the cost of living at the end of each year, and the ADV table is derived from those figures. For losses occurring in 1998, use the "1997 losses" column.

This year's ADV table only covers the past twenty-five years. To determine the ADV for items purchased prior to 1971 or for any other questions concerning this table, contact Mr. Lickliter at the U.S. Army Claims Service, telephone number: (301) 677-7009, extension 313. Mr. Lickliter.

Claims Office Inspections

Inspections are often critical to adjudicate claims properly and to pursue recovery against carriers. Claims office personnel should conduct inspections when the inventory contains an indication that the carrier exaggerated or overstated the preexisting damage on the service member's property. One such indicator is a "ditto mark" inventory, in which the carrier lists the same type of preexisting damage (for example, "scratched") for every piece of furniture.

The United States Army Claims Service (USARCS) recently received a claim file that provides a good example of the importance of an inspection by the claims office. The claim file contained a six-page inventory, which the carrier prepared on 29 June 1995. The service member believed that the inventory descriptions of the condition of his property were grossly misstated. The service member indicated in the remarks section on most pages of the inventory that damage notes were erroneous. On one page of the inventory, he noted, "Damage & exceptions have been grossly misstated on this form, an inspector from U.S. Army Trans. is requested for confirmation." Unfortunately, a transportation inspector did not arrive.

Early the next morning, the service member called the transportation office and spoke with a quality control inspector. After hearing the service member's explanation of what had occurred, the quality control inspector provided the service member with a statement that noted, "[The service member] made his comments in the remarks section disagreeing with the exceptions. This office will . . . insure payment is adjusted for damaged goods that are apparent when delivery is made."

The service member appeared at the destination claims office and presented the statement from quality control, and claims office personnel acknowledged receipt of the statement on the chronology sheet. Unfortunately, the claims office personnel failed to perform an inspection; trouble ensued.

The claims office paid the service member's claim. The Army subsequently submitted a demand for \$2350 against the carrier. The carrier contended that most of the damage was preexisting. The claim was ultimately offset for \$1962, and the carrier appealed the offset.

An attorney at the USARCS asked an Air Force inspector at the service member's current duty station, Moody Air Force Base, Georgia, to conduct an inspection. The USARCS requested an inspection of the items that the service member had not claimed, as well as items that the service member had claimed.

The Air Force inspector inspected five chairs that the service member had not claimed. The inspector indicated that the carrier's description of the damage for all of the chairs were practically identical. The carrier's annotations on the inventory noted that all of the chairs were rusted, stained, and soiled. However, the Air Force inspector found no rust on any of the chairs. The inspector also indicated that the scratches listed for each chair were inaccurate, and though the chairs reflected some normal wear and tear, it was not consistent with the carrier's inventory descriptions.

The Air Force inspector also inspected a triple dresser that the service member had not claimed. The carrier's annotations on the inventory reflected that the dresser was scratched, chipped, gouged, and dented on the top. When the Air Force inspector looked on top of the dresser for the gouge, he could not find even a scratch; the top of the dresser was immaculate. The last unclaimed item the inspector looked at was a chest, which the inventory described as scratched, chipped, loose, cracked, rubbed, and stained. The Air Force inspector concluded that the crack did not exist and that there was no sign of staining.

For the items that the service member had claimed, the carrier contended that most of the damage was preexisting. The Air Force inspector concluded that most of the damage was new and that many of the carrier's inventory descriptions were exag-

2. See U.S. DEP'T OF ARMY, PAM. 27-162, LEGAL SERVICES, CLAIMS PROCEDURES, tbl. 11-1 (1 Apr. 1998) [hereinafter DA PAM 27-162].

gerated and incorrect. The Air Force inspector concluded that the carrier was “over zealous” when describing the service member’s property on the inventory.

Claims office inspections are vital, especially when a service member alleges that the carrier incorrectly described preexisting damage. In this case, many problems could have been avoided if the claims office had inspected the property when the service member initially filed his claim. Ms. Schultz.

New Rules on Denial of Claims for Fraud

The new claims regulation and pamphlet expand a staff judge advocate’s authority to deny claims based on fraud. Under the old claims regulation and pamphlet, a staff judge advocate could deny a specific line item based on fraud.³ However, a staff judge advocate could not deny a claim in its entirety because of fraud unless he determined that the entire claim was “substantially tainted by fraud.”⁴ Under the new regulation and pamphlet, a staff judge advocate can deny an entire claim based

on fraud, whether or not the fraud “substantially” taints the rest of the claim.⁵

The new regulation and pamphlet require staff judge advocates to weigh the extent of the fraud carefully before denying a claim in its entirety. Staff judge advocates are still given the option of denying only the line item affected by the fraud if the deception is relatively insignificant.⁶ The purpose of removing the “substantially tainted by fraud” language from the regulation was to give staff judge advocates more discretion when deciding whether it is appropriate to deny a claim in its entirety.⁷

The new regulation and pamphlet still require clear proof of fraud before a claim may be denied. Claimants should be presumed honest; absent clear evidence to the contrary, it should be assumed that a claimant was mistaken rather than dishonest.⁸ Replacement costs that appear to be inflated and purchase dates that appear to be too close to the date of pickup usually will not constitute clear evidence of fraud. Altered estimates, on the other hand, may provide sufficient evidence of fraud to justify denial of a claim. Lieutenant Colonel Masterton.

3. U.S. DEP’T OF ARMY, PAM. 27-162, LEGAL SERVICES, CLAIMS, para. 2-46c (15 Dec. 1989).

4. U.S. DEP’T OF ARMY, REG. 27-20, LEGAL SERVICES, CLAIMS, para. 11-6k (15 Dec. 1989).

5. The new version of the regulation states that “[t]he head of an area claims office may completely deny a claim that he or she determines to be tainted by fraud.” U.S. DEP’T OF ARMY, REG. 27-20, LEGAL SERVICES, CLAIMS, para. 11-6f (31 Dec. 1997).

6. The new version of the Army pamphlet states that “when fraud is detected before payment, the entire claim, or only the line items tainted by fraud, may be denied.” DA PAM 27-162, *supra* note 2, para. 11-6f (3).

7. The new version of the Army pamphlet states:

In deciding whether to deny an entire claim when a claimant has engaged in fraud, the head of an area claims office should consider the nature and extent of the fraud. The decision to deny an entire claim when a claimant has engaged in fraud, however, is within the discretion of the head of an area claims office.

Id. para. 11-6f(3)(b).

8. *See id.* para. 11-6f(1).