

**BY ORDER OF THE SECRETARY  
OF THE AIR FORCE**

**DEPARTMENT OF THE AIR FORCE  
MANUAL 34-123**



**31 AUGUST 2023**

**Services**

**NONAPPROPRIATED FUND  
PROPERTY AND LIABILITY PROGRAM**

**COMPLIANCE WITH THIS PUBLICATION IS MANDATORY**

---

**ACCESSIBILITY:** Publications and information are available for downloading or ordering on the e-Publishing website at: [www.e-Publishing.af.mil](http://www.e-Publishing.af.mil)

**RELEASABILITY:** There are no releasability restrictions on this publication

---

OPR: AF/A1SR

Certified by: SAF/MR

Supersedes: AFMAN34-208, 18 September 2018

Pages: 25

---

This publication implements Department of the Air Force Policy Directive 34-1, *Department of the Air Force Services*, for the Air Force Nonappropriated Fund Property and Liability Program. It describes the coverage, administration, and process for filing claims for property damage, general liability, and Aero Club aircraft hull and liability. This publication applies to the Force Support Squadron and any other Air Force Services Nonappropriated Fund Instrumentality organizations, activities, and programs and developed in coordination with the Deputy Chief of Staff for Manpower, Personnel and Services. This publication applies to the United States Space Force, Regular Air Force, the Air Force Reserve, and the Air National Guard who utilize nonappropriated property and nonappropriated fund funds. The authorities to waive wing, unit or delta level requirements in this publication are identified with a Tier (“T-0, T-1, T-2, T-3”) number following the compliance statement. See Department of the Air Force Manual (DAFMAN) 90-161, *Publishing Processes and Procedures*, for a description of the authorities associated with the tier numbers. Submit requests for waivers through the chain of command to the appropriate tier waiver approval authority or alternately to the publication office of primary responsibility for non-tiered compliance items. Refer recommended changes and questions about this publication to the office of primary responsibility using the Department of the Air Force (DAF) Form 847, *Recommendation for Change of Publication*; route DAF Form 847s from the field through the appropriate functional chain of command. Ensure all records generated as a result of processes prescribed in this publication adhere to Air Force Instruction (AFI) 33-322, *Records Management and Information Governance Program*, and are disposed in accordance with the Air Force Records Disposition Schedule, which is located in the Air Force Records Information Management System.

***SUMMARY OF CHANGES***

This publication and supersedes AFMAN 34-208. This document has been completely revised; it reflects organizational changes within the Air Force Services Center and the incorporation of the United States Space Force. This revision updates AF Instruction (AFI) and AF Manual (AFMAN) references and associated reference numbers.

<b>Chapter 1—NONAPPROPRIATED FUND (NAF) PROPERTY INSURANCE PROGRAM</b>	<b>5</b>
1.1. Purpose. ....	5
1.2. Assets/Property Covered by this Program. ....	5
1.3. Covered Leased Assets. ....	6
1.4. Claims processing resulting from covered events.....	6
1.5. Roles and Responsibilities. ....	6
1.6. How to File a Property Claim. ....	6
1.7. Filing the Proof of Loss. ....	7
1.8. Total Loss. ....	7
1.9. Investigation.....	7
1.10. Services Natural Disaster Recovery Team.....	8
1.11. Requesting Additional Time to File a Claim for Loss. ....	8
1.12. Exclusions. ....	8
1.13. Paying Claims. ....	8
1.14. Coverage Limits.....	8
1.15. Calculating Property Losses. ....	8
1.16. Depreciation.....	9
1.17. Minimum Property Claim Payable. ....	9
1.18. Special Situations.....	9
1.19. Requesting Advance Payment. ....	9
1.20. Requests for Advance Payment and Reasonable Evidence of the Loss.....	9
1.21. Assessments.....	9
1.22. Additional Insurance.....	9
1.23. Recovered Property.....	9
<b>Chapter 2—AERO CLUB AIRCRAFT HULL AND LIABILITY INSURANCE PROGRAM</b>	<b>10</b>
2.1. Purpose. ....	10
2.2. Filing a Notice of Loss.....	10

2.3.	Filing a Proof of Loss. ....	10
2.4.	Claim Extension.....	10
2.5.	Payment. ....	10
2.6.	Authorized Signature on Proof of Loss. ....	10
2.7.	Deductible.....	10
2.8.	Salvage.....	11
2.9.	Recovering Lost Property. ....	11
2.10.	Insuring Aircraft Hulls.....	11
2.11.	Government Loaned Aircraft.....	11
2.12.	When Aircraft Are Covered.....	11
2.13.	Exclusions.....	12
2.14.	Other Conditions.....	12
2.15.	Paying Assessments (Hull). ....	12
2.16.	Paying Assessments (Liability).....	12
2.17.	Determining the Declared Value. ....	13
2.18.	Hull Loss Payments. ....	13
2.19.	Payment of Aero Club Liability Claims. ....	13

**Chapter 3—LIABILITY INSURANCE (INCLUDING PERSONNEL CLAIMS AND CUSTOMER COMPLAINTS) 14**

3.1.	Purpose. ....	14
3.2.	Exceptions.....	14
3.3.	Reporting Potential Liability Incidents.....	14
3.4.	Customer Complaint Claims/Settlement.....	14
3.5.	Personnel Claims. ....	15
3.6.	Federal Tort Claims Act. ....	16
3.7.	Settling Liability Claims.....	16
3.8.	Exclusions from the Remittance of Liability Insurance.....	16
3.9.	Air Force Insurance Fund Reimbursement.....	16
3.10.	Commercial Insurance. ....	16
3.11.	Broad Coverage. ....	16
3.12.	Legal Representation for Nonappropriated Fund Instrumentality Employees. ....	16
3.13.	Paying Assessments to Support the Program.....	17
3.14.	Special Conditions. ....	17

<b>Attachment 1—GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION</b>	<b>18</b>
<b>Attachment 2—EXCLUSIONS FROM THE PROPERTY PROGRAM COVERAGE</b>	<b>20</b>
<b>Attachment 3—REPORTING A POTENTIAL LIABILITY CLAIM</b>	<b>22</b>
<b>Attachment 4—READY REFERENCE</b>	<b>23</b>
<b>Attachment 5—NATURAL DISASTER RECOVERY PROGRAM SUMMARY</b>	<b>25</b>

## Chapter 1

### NONAPPROPRIATED FUND (NAF) PROPERTY INSURANCE PROGRAM

**1.1. Purpose.** This section provides Force Support Squadron commanders, directors, deputies, and resource managers with the information they need to manage the Air Force Nonappropriated Fund Property Insurance Program. This includes:

- 1.1.1. Understanding the Air Force Nonappropriated Fund Property Insurance Program.
- 1.1.2. Procedures for filing a claim for reimbursement.
- 1.1.3. Guidance on addressing special situations such as acts of nature, humanitarian operations, or advance payment for natural disasters.
- 1.1.4. An explanation on types of claims that are not covered (see [Attachment 2](#)).

**1.2. Assets/Property Covered by this Program.**

- 1.2.1. Cash.
- 1.2.2. Inventory.
  - 1.2.2.1. General Ledger Account Code 161xxxx, Nonappropriated Fund Inventory-Central Storeroom (resale items only).
  - 1.2.2.2. General Ledger Account Code 162xxxx, Resale Inventory.
  - 1.2.2.3. General Ledger Account Code 163xxxx, Inventory-in-Transit for items owned by an Air Force Nonappropriated Fund Instrumentality.
  - 1.2.2.4. General Ledger Account Code 164xxxx, Inventory Decentralized Storeroom.
  - 1.2.2.5. General Ledger Account Code 179xxxx, Fixed Assets-in-Transit for items owned by an Air Force Nonappropriated Fund Instrumentality.
- 1.2.3. Depreciable Nonappropriated Fund Instrumentality Assets with a current net book value recorded in General Ledger Account Codes 171xxxx, Quantity Expendable Bulk Equipment Items, 173xxxx and 177xxxx, Hardware and Software and General Ledger Account Code 181xxxx, Fixed Assets, Furniture, Fixtures and Equipment.
- 1.2.4. Leased equipment and assets in memorandum of agreement funding.
  - 1.2.4.1. General Ledger Account Code 175xxxx, Nonappropriated Fund Assets, Leased Equipment (Nonappropriated Fund Capital Lease Program).
  - 1.2.4.2. General Ledger Account Code 180xxxx, Construction in Progress-Memorandum of Agreement Projects.
  - 1.2.4.3. General Ledger Account Code 188xxxx, Nonappropriated Fund Assets, Capital Leases.
  - 1.2.4.4. General Ledger Account Code 185xxxx, Construction in Progress.
  - 1.2.4.5. General Ledger Account Code 186xxxx, Facilities and Improvement-Nonappropriated Fund.

**1.3. Covered Leased Assets.** These are assets where a Nonappropriated Fund Instrumentality is responsible for the leased property and required to replace or suffer the loss of damaged assets. Such assets include copiers on loan, leased vehicles, and similar assets on short-term lease. Refer to Air Force Manual (AFMAN) 34-209, *Nonappropriated Fund Financial Management and Accounting* for information on accounting procedures.

**1.4. Claims processing resulting from covered events.**

1.4.1. The resource manager files a property insurance claim Notice of Loss using the myFSS platform.

1.4.2. Property claims resulting from damage to or loss of an asset.

1.4.2.1. Criminal acts such as robbery, burglary, theft, and vandalism.

1.4.2.2. Accidents resulting from the operation or use of Nonappropriated Funds boats, planes, trailers, and vehicles.

1.4.2.3. Property claims resulting from natural disasters/acts of nature such as a wind, hail, tornado, hurricane, fire, or lightning are paid for by appropriated funds. See also [paragraph A2.4](#).

**1.5. Roles and Responsibilities.**

**1.5.1. The Force Support Squadron Flight Chief Responsibilities For Reporting a Loss.**

1.5.1.1. Notify the Force Support Squadron or Services commander or director.

1.5.1.2. Notify the resource manager.

1.5.1.3. Sort and identify damaged and undamaged goods.

1.5.1.4. Move assets to a safe location.

1.5.1.5. Secure the area and notify civil and military authorities as necessary.

**1.5.2. The Activity Manager Performs the Following Tasks When a Loss Occurs.**

1.5.2.1. Notifies Security Forces or appropriate civil authorities, and the activity's flight chief.

1.5.2.2. Identifies witnesses that may have been involved or have information about the loss.

1.5.2.3. Gathers information about the date, time, place, and circumstances of the loss.

**1.5.3. The Resource Manager Performs the Following Tasks.**

1.5.3.1. Estimates value of the loss using all available information.

1.5.3.2. Inputs Notice of Loss in myFSS platform.

1.5.3.3. Validates funds received are properly expended through submission of the final itemized invoice to Air Force Services Center, Director, Installation Support (AFSVC/VI).

**1.6. How to File a Property Claim.** Filing a claim consists of completing (1) an electronic Notice of Loss to Air Force Services Center, Insurance Branch (AFSVC/VIHB) through the myFSS platform, and (2) Proof of Loss, as explained below.

1.6.1. Filing the electronic Notice of Loss. The resource manager submits notification of loss within 30 days of loss to the Air Force Services Center (AFSVC) via myFSS. The submission will generate a ticket number and serve as the claim number for the reported loss. Upon receipt of the submission in myFSS the AFSVC point of contact will review the claim and reply as necessary. (T-1)

## 1.7. Filing the Proof of Loss.

1.7.1. The resource manager provides detailed information to AFSVC/VI within 90 calendar days from the date the resource manager filed the Notice of Loss. Supporting documentation, information, and facts must be submitted to AFSVC through myFSS. (T-1) Reference system generated claim number.

1.7.2. Include the description and quantity of the depreciable property and current value recorded in the General Ledger Account Code addressed in [paragraph 1.2](#).

1.7.3. For resale inventory, submit a list of damaged and destroyed items with the original cost. For food products, include a certificate from Medical Group, Public Health Flight, condemning the items as unfit for human consumption.

1.7.4. Cash is covered at face value, and it includes register or till receipts and deposits.

**1.8. Total Loss.** When an asset is a total loss, the resource manager will provide two replacement estimates. (T-1) When the asset is a partial loss, with damage of \$1,000 or more, provide two repair estimates. When the partial loss is between \$500 and \$1,000, provide one estimate. The minimum claim is \$500 (see [paragraph 1.19](#)).

1.8.1. When the property is sold for salvage value, provide two salvage bids.

1.8.2. AFSVC pays a claim when it receives reasonable evidence indicating the installation suffered a covered loss (total or partial) and the resource manager has accurately determined the value of the loss.

1.8.3. Depreciable property claims for property repair are paid at the lower of net book value or repair cost.

**1.9. Investigation.** The resource manager expedites claims to complete the investigation or inquiry required by AFMAN 34-202, *Procedures for Protecting Nonappropriated Fund Assets*.

1.9.1. The resource manager sends a copy of the completed investigation or inquiry through command channels to AFSVC/VI.

1.9.2. The resource manager expedites sending in a Proof of Loss because of pending restitution. When the person or persons causing the loss makes restitution for a loss already reimbursed under the property coverage, the resource manager notifies AFSVC of the amount and forwards it to AFSVC/VI for deposit to the Air Force Insurance Fund.

1.9.3. If a full inquiry or investigation per AFMAN 34-202 is unable to be accomplished before the claim is submitted for processing, the Force Support Squadron Commander, Director, or Deputy must acknowledge payment may be delayed until investigation and/or inquiry is received. Once a full inquiry or investigation is completed and, if necessary, pecuniary liability is assessed, final report must be forwarded to AFSVC/VI. If funds are recovered, resource manager must contact AFSVC/VI within 30 days and refund the Air Force Insurance Fund to extent allowed not to exceed the amount of original Air Force Insurance Fund payment. **(T-1)**

**1.10. Services Natural Disaster Recovery Team.** The team provides essential support to Air Force Services operations impacted by natural disasters such as hurricanes, tornadoes, floods or fires (see [Attachment 5](#) for summary of the purpose of this team).

1.10.1. The team expedites and assists in filing claims, requests advance payment, and performs other duties necessary to facilitate the recovery of Nonappropriated Fund assets and operations.

1.10.2. Installations request the team through AFSVC/VI.

1.10.3. Installations must provide complete documentation of loss as required even though the Services Natural Disaster Recovery Team is activated. **(T-1)**

**1.11. Requesting Additional Time to File a Claim for Loss.** Additional filing time can be requested from AFSVC/VI. For losses of \$25,000 or less, the resource manager signs the Proof of Loss; when the loss exceeds \$25,000, the Force Support Squadron commander, director, or deputy signs the document.

**1.12. Exclusions.** A list of exclusions to the Property Insurance Program is at [Attachment 2](#).

**1.13. Paying Claims.** AFSVC/VI makes payments from the Air Force Insurance Fund.

**1.14. Coverage Limits.**

1.14.1. Furniture, Fixtures, Equipment, and Inventory: \$1,000,000.

1.14.2. Money and Securities: \$100,000 for any one loss. Money is currency, coins, and bank notes. Securities are all negotiable or nonnegotiable instruments or contracts representing either money or other property and include checks and drafts, tokens and certain specific tickets losses.

1.14.3. Small portable or shed-type buildings recorded on Nonappropriated Fund Property records: \$100,000.

1.14.4. Employee Dishonesty: \$100,000 each loss. An occurrence is a loss caused by or involving one or more employees, whether the result of a single act or series of acts that result in the total loss.

1.14.5. Contact the installation legal office for direction on claims in excess of those allowed above.

**1.15. Calculating Property Losses.**

1.15.1. When a total loss occurs, the maximum payout will be no more than the assigned book value at time of the incident.



1.15.2. When an asset is to be repaired, submit the two lowest repair estimates available. If only one estimate is available, contact AFSVC/VI for approval.

**1.16. Depreciation.** Depreciation for claims involving depreciable property is determined as described in AFMAN 34-209.

**1.17. Minimum Property Claim Payable.** When the loss is \$500 or more, the Air Force Insurance Fund pays the assigned book value of the asset. Losses less than \$500 are paid by the Force Support Squadron as shown in [Attachment 4](#).

**1.18. Special Situations.** The Air Force Insurance Fund pays after all other insurance has paid. It pays all reasonable expenses to reduce the property loss, excluding expenses related to personnel-related expenses, administrative leave, or personnel evacuation expenses (see [Attachment 2](#) for exclusions).

**1.19. Requesting Advance Payment.** Excluding those losses listed in [Attachment 2](#), other catastrophic events may create a need for immediate funds for Nonappropriated Fund insured asset replacement. If such a need exists, the Force Support Squadron commander may submit a written request to AFSVC/VI for an advance payment of Nonappropriated Funds, based on a Nonappropriated Fund payable claim. To get an advance payment, the resource manager provides reasonable evidence of a loss, and a request for advance payment which includes the following:

1.19.1. A description of the occurrence resulting in the loss.

1.19.2. A list of Nonappropriated Fund-owned insured property damaged or destroyed with an estimate of their value or repair cost.

1.19.3. A list of stolen/vandalized resale inventory supported by the physical inventory sheet with prices at cost.

1.19.4. For loss of physical cash, (such as petty cash in a drawer), reasonable evidence of the amount of the loss.

**1.20. Requests for Advance Payment and Reasonable Evidence of the Loss.** The Air Force Insurance Fund makes payment and deducts it from the final settlement. An estimate of the amount of an advance payment payable from the Air Force Insurance Fund is approximately 60-70 percent of the documented amount.

**1.21. Assessments.** All Nonappropriated Fund Instrumentalities pay assessments into the Air Force Insurance Fund based on expected costs to cover claims and administrative expenses.

**1.22. Additional Insurance.** If desired insurance requirements exceed the coverage or limits the Air Force Insurance Fund provides, the resource manager may send a written request to AFSVC/VI for approval of additional coverage. Do not purchase commercial insurance for the coverage unless approved by AFSVC/VI.

**1.23. Recovered Property.** If funds are recovered through salvage or additional means, the Nonappropriated Fund Instrumentality must contact AFSVC/VI and refund the Air Force Insurance Fund to extent allowed not to exceed the amount of original Air Force Insurance Fund payment. (T-1)

## Chapter 2

### AERO CLUB AIRCRAFT HULL AND LIABILITY INSURANCE PROGRAM

**2.1. Purpose.** This section details aircraft hull coverage with instructions and guidance for paying claims and administering the self-insured Aero Club Aircraft Hull and Liability Insurance Program. The Aero Club Aircraft Hull and Liability Insurance Program is administered through AFSVC/VI.

**2.2. Filing a Notice of Loss.**

2.2.1. The resource manager completes the electronic Hull Loss Notification from the Aero Club Hull Insurance Program section of the Air Force Services Benefits and Insurance website and notifies AFSVC/VI through myFSS.

2.2.2. The Aero Club Manager files reports prescribed by AFMAN 34-152, *Air Force Aero Club Operations*. AFSVC/VI sends electronic confirmation with the claim number and declared value of aircraft to the resource manager to file the hull claim.

**2.3. Filing a Proof of Loss.** The resource manager sends the completed Proof of Loss with supporting documents to AFSVC/VI within 90 days of receipt of the Notice of Loss through the myFSS platform.

2.3.1. File the Proof of Loss to include the following information:

2.3.1.1. Tail number and date and time of incident.

2.3.1.2. Minimum two estimates of damage and pictures of damage (if available). However, in locations (such as remote and isolated) where two estimates are unobtainable, recommend following Air Force Services Center, NAF Procurement (AFSVC/VP) procedures for approval.

2.3.1.3. Copy of any messages sent to Federal Aviation Administration or other authorities.

2.3.1.4. Supporting documentation, information, and facts must be submitted to the AFSVC/VI. Reference system generated claim number.

**2.4. Claim Extension.** The resource manager may request an extension of claim filing by notifying AFSVC/VI. Provide the claim number along with tail number, incident date, installation, and number of days requested for extension of time.

**2.5. Payment.** AFSVC/VI pays the claim from the Air Force Insurance Fund after receiving verification of the loss and documentation substantiating the loss is reviewed and approved.

**2.6. Authorized Signature on Proof of Loss.** The resource manager sends a copy of the completed report of investigation to AFSVC/VI through command channels. For losses of \$25,000 or less, the resource manager signs the Proof of Loss; when the loss exceeds \$25,000, the Force Support Squadron commander, director, or deputy signs the document.

**2.7. Deductible.** There is a 5 percent deductible for repair costs to Aero Club aircraft and requires a minimum claim of \$1,000. If the aircraft is a total loss, there is no deductible.

**2.8. Salvage.** The Aero Club must arrange for salvage in accordance with AFMAN 34-152 and notify Air Force Services Center, Recreation and Business Branch (AFSVC/VBRR) of the amount of the salvage. **(T-1)**

2.8.1. The installation provides AFSVC/VI and AFSVC/VBRR with minimum two salvage bids.

2.8.2. AFSVC/VI in coordination with AFSVC/VBRR makes the final decision on whether to salvage or repair aircraft.

**2.9. Recovering Lost Property.** If an Aero Club recovers property after it receives payment for a loss covered by the Air Force Insurance Fund, the resource manager reimburses the Air Force Insurance Fund to the extent of the recovery, but not in excess of the payment received from the Air Force Insurance Fund.

### **2.10. Insuring Aircraft Hulls.**

2.10.1. The Air Force Insurance Fund insures Aero Club owned aircraft based on their declared value.

2.10.2. The Air Force Insurance Fund program insures leased aircraft only after AFSVC/VBRR has approved the lease in writing (see [paragraph 2.12.4.](#)).

**2.11. Government Loaned Aircraft.** An aircraft hull received at little or no cost from another Air Force, DoD or other Government agency is not insured. On these hulls, the Aero Club may request Air Force Insurance Fund coverage on Aero Club Nonappropriated Fund capital improvements that club has made.

2.11.1. Examples of covered capital improvements are:

2.11.1.1. Communications equipment.

2.11.1.2. Engine additions or enhancements.

2.11.1.3. Advanced or newly modernized equipment purchased and installed at the Aero Club's expense.

2.11.1.4. Major refurbishment to include painting, structural alterations, etc.

2.11.1.5. Other Nonappropriated Fund-owned equipment installed after the aircraft was received.

2.11.2. AFSVC/VBRR approves increases in asset value created by capital improvements when reported by the Aero Club.

### **2.12. When Aircraft Are Covered.**

2.12.1. The program covers aircraft reported on Air Force (AF) Form 270, *Aero Club Operations*. See AFMAN 34-152, Attachment 6 for instructions on completing the AF Form 270.

2.12.2. Newly acquired aircraft are covered on the day the club takes possession from the vendor, factory, or previous owner. Provide electronic written notification to Air Force Services Center (Insurance Branch) and Air Force Services Center (Business and Recreation Branch) upon receipt of aircraft and add aircraft to subsequent AF Form 270. Coverage continues as long as the club reports the aircraft on AF Form 270.

2.12.3. Government loaned aircraft are covered when the club takes physical possession of the aircraft.

2.12.4. Leased aircraft are covered upon written notice of approval of the lease agreement by Air Force Services Center (Insurance Branch). Information required includes: aircraft make, model, and year; Federal Aviation Administration registration number; total number of seats; declared value; and date obtained.

### **2.13. Exclusions.**

2.13.1. The self-insured hull program does not cover damage from:

2.13.1.1. Reasonable wear and tear.

2.13.1.2. Freezing.

2.13.1.3. Mechanical breakdown or failure, unless such loss or damage precipitates a forced landing that results in other physical damage to the airplane.

### **2.14. Other Conditions.**

2.14.1. This program pays all reasonable expenses incurred in an effort to prevent further loss or damage (with the exception of offering a reward for lost property).

2.14.2. In the event of theft, robbery, burglary, or pilferage, the Force Support Squadron commander, director, or deputy notifies proper authorities.

**2.15. Paying Assessments (Hull).** Aero clubs pay a quarterly assessment based upon information provided on the AF Form 270. The declared value of the aircraft is used to calculate hull insurance.

2.15.1. Declared values may be adjusted between AF Form 270 cycles by providing AFSVC/VBRR a “real time” written update; e-mail preferred. Use “remarks” section of AF Form 270 to confirm dates/value of changes for specific aircraft.

**2.16. Paying Assessments (Liability).** Aero clubs pay a quarterly assessment based on the AF Form 270. Assessments for Aero Club liability insurance are calculated based upon the physical number of seats in each aircraft.

2.16.1. When adding or removing seats, installations may exercise the following option, which only affects Aero Club liability insurance: the Aero Club notifies AFSVC/VBRR in writing through myFSS platform. Use “remarks” section of AF Form 270 to confirm the dates that seat changes for specific aircraft occurred.

2.16.2. An Aero Club may physically add or remove seats for a minimum of 30 days and the liability assessment rate will be adjusted to the appropriate number of seats (minimum of 30 consecutive days can cross months, quarters, or fiscal year). Seat adjustments must be reported to AFSVC/VBRR in writing “real time” through mySERVICES. Report date of seat change and number of seats information in the “remarks” section of the next AF Form 270.

2.16.3. “Lay Up” is an aircraft grounded for maintenance or other reasons for at least 30 consecutive days; the assessment is only for hull insurance, not liability (minimum of 30 consecutive days can cross months, quarters, or fiscal year). Hull rate will only be assessed for the period of time the aircraft is in “lay up” status. The Aero Club Manager must notify AFSVC/VBRR “real time” as soon as they determine aircraft will be grounded for at least 30 consecutive days. They must also report this information in the “remarks” section of the next AF Form 270. **(T-1)**

2.16.4. When an aircraft that is in “lay up” status requires a ferry or maintenance flight, the assessment is only for hull insurance. Aircraft may remain in “lay up” status until returned to revenue service. The Aero Club Manager must notify AFSVC/VBRR through mySERVICES prior to ferry or maintenance flight of grounded aircraft. **(T-1)**

**2.17. Determining the Declared Value.** AFSVC/VBRR maintains a copy of the Aircraft Bluebook Price Digest and provides assistance in determining declared value of Aero Club aircraft. Declared values are established when the club obtains the aircraft and are updated by the Aero Club manager not later than 31 December of each year thereafter, or whenever a capital improvement is made that impacts the value of an aircraft.

2.17.1. The declared value must not deviate more than 15 percent from the average price listed in the Aircraft Bluebook Price Digest. **(T-1)**

2.17.2. AFSVC/VBRR approves the declared value of all insured aircraft. The declared value of leased aircraft is the amount stated in the lease agreement.

**2.18. Hull Loss Payments.** AFSVC/VI makes payment after receiving the Proof of Loss with supporting documentation is received, reviewed and approved.

**2.19. Payment of Aero Club Liability Claims.** See [Chapter 3](#).

## Chapter 3

### LIABILITY INSURANCE (INCLUDING PERSONNEL CLAIMS AND CUSTOMER COMPLAINTS)

**3.1. Purpose.** This section addresses the settlement and payment of claims made against:

- 3.1.1. Nonappropriated Fund Instrumentalities.
- 3.1.2. Nonappropriated Fund Instrumentality employees.
- 3.1.3. Aero club contract flight instructors (maximum one million dollars per occurrence).
- 3.1.4. Participants or customers (maximum one million dollars per occurrence).
- 3.1.5. Authorized users of Nonappropriated Fund Instrumentality equipment or property (maximum one million dollars per occurrence).

**3.2. Exceptions.**

- 3.2.1. This section applies to all Air Force Nonappropriated Fund Instrumentalities except the Army and Air Force Exchange Service.
- 3.2.2. This section does not apply to:
  - 3.2.2.1. Claims involving damages for libel, slander, or other personal defamation claim.
  - 3.2.2.2. Claims involving any wage or salary garnishments.
  - 3.2.2.3. Claims against Private Organizations are filed directly with the Private Organization involved. Refer to AFI 34-223, *Private Organizations Program*.

**3.3. Reporting Potential Liability Incidents.** The Force Support Squadron commander, director or deputy reviews and signs memo at [Attachment 3](#) and forwards it to the AFSVC/VI for any Nonappropriated Fund Instrumentality-related incident which results in physical injury to a person or in which property damage is expected to exceed \$1,000.

- 3.3.1. Submit reports through myFSS platform within five working days of first knowledge of the incident, claim, or suit.
- 3.3.2. Include installation name, Nonappropriated Fund Instrumentality, name, and phone number of Nonappropriated Fund Instrumentality contact, estimated time and place of loss, a brief description of the incident, an estimate of the dollar loss, and any action taken by installation officials.

**3.4. Customer Complaint Claims/Settlement.**

- 3.4.1. Customer complaints may involve conduct which could give rise to tort-type claims; however, process them as customer complaints unless:
  - 3.4.1.1. They cannot be settled to the satisfaction of both parties.
  - 3.4.1.2. The requested settlement includes a demand for consequential damages such as for bodily injury or for property damage to other than the article involved.

3.4.2. Consulting the Staff Judge Advocate office does not change a customer complaint into a liability claim; however, the customer filing a Standard Form 95, *Claim for Damage, Injury or Death* with the Staff Judge Advocate office does.

3.4.2.1. This action requires Resource Manager approval to process as a customer complaint, not involving a claim filed via an SF 95.

3.4.3. Customer Complaints Settlement. The Force Support Squadron activity manager, in conjunction with the Resource Manager, settles customer complaints subject to the approval of the Force Support Squadron commander, director, or deputy without Staff Judge Advocate involvement.

3.4.3.1. Customer complaints are dissatisfactions arising out of Nonappropriated Fund Instrumentality supported operations that can be resolved by cash reimbursement, credit for future services, or replacement in kind.

3.4.3.2. Examples of Customer Complaints are:

3.4.3.2.1. Sales or service claim by customers, such as breach of warranty, defective service and shortages.

3.4.3.2.2. Lost or damaged clothing claims, such as items lost or damaged while in the care and custody of a Nonappropriated Fund Instrumentality (e.g., coat check room).

3.4.3.3. Specific claims paid under this section are, but not limited to:

3.4.3.3.1. Customers' vehicle is damaged by faulty equipment in a Force Support Squadron car wash.

3.4.3.3.2. Damage occurred to a customer's vehicle while stored in a Force Support Squadron storage area.

3.4.3.3.3. A customer's vehicle is damaged by an on-duty Force Support Squadron employee while being worked on (such as getting an oil change or tire balancing) in a Force Support Squadron auto hobby shop.

3.4.3.3.4. Other claims for lost or damaged privately owned personal property in the custody of or being serviced by the Nonappropriated Fund Instrumentality.

3.4.4. If the Resource Manager has requested the Staff Judge Advocate review the claim and the Staff Judge Advocate approved the claim, send the claim to AFSVC/VI for payment as a customer complaint. In some cases, the Air Force Insurance Fund pays the claimant directly to save time.

**3.5. Personnel Claims.** The Nonappropriated Fund Instrumentality pays approved claims of less than \$500 for loss or damage to Nonappropriated Fund employees while working in the scope of their employment without reimbursement from the Air Force Insurance Fund. For example, if an installation pays a personnel claim to an employee of \$400, there is no reimbursement from Air Force Insurance Fund. If the reimbursement is \$600, the Air Force Insurance Fund reimburses the installation \$100 (see [Attachment 4](#)). Examples of personnel claims (damage to employee's property while at work) are: Clothing damaged at work; loss of personal equipment at work such as glasses, coat, electronic devices, or other personal property (loss caused...).

**3.6. Federal Tort Claims Act.** Nonappropriated Fund Instrumentalities are instrumentalities of the Federal Government and enjoy its privileges and immunities. A tort committed by a Nonappropriated Fund employee, acting within the scope of his or her employment or duties, may give rise to Nonappropriated Fund liability under Title 28 United States Code Chapter 171, *Tort Claims Procedure*; and Title 28 United States Code Section 1346(b), *United States as a defendant*. Do not use appropriated funds to pay an award, compromise, or judgment of a claim for which a Nonappropriated Fund Instrumentality is liable.

**3.7. Settling Liability Claims.**

3.7.1. Refer anyone wanting to file a liability claim against a Nonappropriated Fund Instrumentality to the servicing Staff Judge Advocate office (see [Attachment 4](#)).

3.7.2. The Staff Judge Advocate or higher approving authority sends approved claims to Chief of Services Law, Air Force Installation and Mission Support Center (AFIMSC), where they are reviewed and if legally sufficient, paid by AFSVC/VI from the Air Force Insurance Fund as appropriate.

**3.8. Exclusions from the Remittance of Liability Insurance.**

3.8.1. Claims from the bankruptcy, insolvency, or actions or inaction of any concessionaire.

3.8.2. Claims arising from any employment relationship (except for employee claims for minor property damage in accordance with [paragraph 3.5](#)).

3.8.3. Claims arising from actions or inaction of appropriated fund employees.

3.8.4. Appropriated fund-sponsored activities.

3.8.5. Claims arising from action or inaction of volunteers as outlined in Department of the Air Force Instruction (DAFI) 34-101, *Department of the Air Force Morale, Welfare, and Recreation (MWR) Programs and Use Eligibility*.

**3.9. Air Force Insurance Fund Reimbursement.** The Air Force Insurance Fund reimburses Nonappropriated Fund Instrumentalities for that portion of any customer complaint paid over \$1,000. The activity manager or resource manager pays the claimant, sends a copy of the voucher to Air Force Services Center (Insurance Branch). The Air Force Insurance Fund reimburses the Nonappropriated Fund Instrumentality the amount of the payment over \$1,000.

**3.10. Commercial Insurance.** If a special liability risk arises, such as purchase of “rain-out/cancellation” insurance, “hole-in-one” insurance for a golfing event, or other one-time special events, the Force Support Squadron commander, director, or deputy contacts the AFSVC/VI, in writing and requests approval to purchase commercial insurance.

**3.11. Broad Coverage.** Because of the broad coverage of the Nonappropriated Fund liability program, Nonappropriated Fund Instrumentalities must not purchase commercial public liability insurance except when it is required by a Status of Forces Agreements or other country-to-country agreement.

**3.12. Legal Representation for Nonappropriated Fund Instrumentality Employees.**

3.12.1. Legal Representation. Legal representation may be authorized to defend tort actions. Refer to AFI 51-301, *Civil Litigation*.



**3.13. Paying Assessments to Support the Program.** All Air Force Nonappropriated Fund Instrumentalities pay assessments into the Air Force Insurance Fund, except where specifically excluded. AFSVC/VI calculates assessments based on the need to cover all claims and expenses.

**3.14. Special Conditions.**

3.14.1. The Nonappropriated Fund liability insurance program will not duplicate claims paid by any commercial insurance company.

3.14.2. The Force Support Squadron commander, director, deputy, or resource manager will contact the AFSVC/VI before arranging for or becoming involved in any venture where the risk of loss could substantially increase nonappropriated funds liability exposure. **(T-3)**

3.14.3. Neither the United States Government nor any of its instrumentalities may file a payable claim against a Nonappropriated Fund Instrumentality.

3.14.4. Unless the Force Support Squadron commander, director, deputy, or higher authority grants approval, do not consider property of others left on the premises as in the care and custody of any Nonappropriated Fund Instrumentality.

ALEX WAGNER  
Assistant Secretary  
(Manpower and Reserve Affairs)

**Attachment 1****GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

28 U.S.C. Ch 171, *Tort Claims Procedure*

28 U.S.C. § 1346(b), *United States as a defendant*

DoDI 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, 31 October 2007

DAFPD 34-1, *Department of the Air Force Services*, 20 June 2023

AFMAN 34-152, *Air Force Aero Club Operations*, 5 June 2019

AFMAN 34-202, *Procedures for Protecting Nonappropriated Fund Assets*, 25 June 2019

AFMAN 34-209, *Nonappropriated Fund Financial Management and Accounting*, 2 October 2019

DAFMAN 90-161, *Publishing Processes and Procedures*, 15 April 2022

AFI 33-322, *Records Management and Information Governance Program*, 23 March 2020

DAFI 34-101, *Department of the Air Force Morale, Welfare, And Recreation (MWR) Programs and Use Eligibility*, 7 March 2022

AFI 34-223, *Private Organizations Program*, 13 December 2018

AFI 51-301, *Civil Litigation*, 2 October 2018

***Prescribed Forms***

None

***Adopted Forms***

DAF Form 847, *Recommendation for Change of Publication*

AF Form 270, *Aero Club Operations*

***Abbreviations and Acronyms***

**AF**—Air Force

**AFI**—Air Force Instruction

**AFMAN**—Air Force Manual

**AFSVC**—Air Force Services Center

**DAF**—Department of the Air Force

**DoDI**—Department of Defense Instruction

**NAF**—Nonappropriated Fund

*Office Symbols*

**AF/A1SR**—Air Force Services (Resources Division)

**AFSVC/VI**—Air Force Services Center (Installation Support)

**AFSVC/VIHB**—Air Force Services Center, Insurance Branch

**AFSVC/VBRR**—Air Force Services Center (Recreation and Business Branch)

**AFSVC/VP**—Air Force Services Center (NAF Procurement)

**AFIMSC**—Air Force Installation and Mission Support Center

**SAF/MR**—Assistant Secretary of the Air Force (Manpower & Reserve Affairs)

*Terms*

**Lay up**—An aircraft grounded for maintenance or other reasons for at least 30 consecutive days

**Real time**—a specific time frame

**Securities**—All negotiable or nonnegotiable instruments or contracts representing either money or other property and include checks and drafts, tokens and certain specific tickets losses

## Attachment 2

### EXCLUSIONS FROM THE PROPERTY PROGRAM COVERAGE

#### A2.1. Caused by the Passage of Time.

A2.1.1. Fully depreciated assets.

A2.1.2. Loss from refinishing, renovating, repairing, mechanical breakdown or failure, product defect, wear and tear, gradual deterioration, corrosion, rust, dampness of atmosphere, freezing, or extremes of temperature. The exception to these exclusions is that damage from bursting pipes from extreme temperature is covered.

A2.1.3. Loss or damage to tires or tubes, unless caused by fire, vandalism, malicious mischief, or theft.

A2.1.4. Spoilage unless from fire, or act of civil riot or crime.

#### A2.2. Administrative and Operational Reasons.

A2.2.1. Clean-up expenses following any natural disaster.

A2.2.2. Missing property discovered by regular inventory or any accounting process, unless there is complete and documented evidence it was caused by an act of crime such as a burglary/break-in, robbery, theft, or the dishonest act of an employee.

A2.2.3. Loss or damage caused by electricity. Loss to electrically operated devices unless fire ensues and then only for the loss caused by fire.

A2.2.4. Credit card purchases from charge/credit cards such as MasterCard, VISA or similar cards are not covered by this program.

A2.2.5. Accounting or arithmetical errors or omissions.

A2.2.6. Money contained in currency operated machines (e.g., ATM, vending), except for highly technical slot machines with counting devices that compute the exact value in the machine at all times.

A2.2.7. Property in the control of any common carrier.

A2.2.8. Aircraft Hull (see [Chapter 2](#)).

#### A2.3. Other.

A2.3.1. Books and records except for their physical value.

A2.3.2. Animals.

A2.3.3. "Fine arts" including paintings, pictures, tapestries and other verified works of art or rarity.

A2.3.4. Jewelry and furs.

A2.3.5. Any appropriated fund property (including Nonappropriated Fund property transferred to appropriated fund title, and trees, shrubs, greens and similar items on golf courses).

A2.3.6. Loss of property owned by others such as employees, customers, or Nonappropriated Fund contractors.

**A2.4. Losses Caused by Act of God; During Wartime Deployments; or In Support of Contingency, Humanitarian, and Peacekeeping Operations.** Department of Defense Instruction (DoDI) 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources* authorizes appropriated funds to pay for a loss, if such loss is caused by an act of God; during wartime deployments; or in support of contingency, humanitarian, and peacekeeping operations. Installations are expected to absorb these losses using local appropriated funds. If the installation commander determines that such appropriated funds are not available to cover the losses, the installation comptroller will request appropriated funds to replace or repair nonappropriated fund property from the Air Force Installation and Mission Support Center.

## Attachment 3

## REPORTING A POTENTIAL LIABILITY CLAIM

Figure A3.1. Template for Reporting Potential Liability Claims.

The activity manager, through the resource manager, uses the following format to report a potential liability claim to Air Force Services Center Directorate of Installation Support (Insurance Branch) through mySERVICES through the Air Force Services Directorate of Installation Support by myFSS:

MEMORANDUM FOR AIR FORCE SERVICES CENTER (INSURANCE FUND)  
(firstname.lastname@us.af.mil)

FROM: Installation  
Street Address and e-mail address  
City, State, and Zip Code

SUBJECT: Notice of Potential Liability Information

In accordance with Department of the Air Force Manual 34-123, Nonappropriated Fund Property and Liability Program this is to notify you of a potential liability in excess of \$1,000 (include the following information):

1. Installation.
2. Nonappropriated Fund Instrumentality name and activity (such as installation Morale, Welfare, Recreation fund, youth programs, bowling center, marina, officers' club, consolidated club, etc.).
3. Estimated time, date and place of incident (such as 1800 on 10 Jun 2022 at Officers' Club).
4. Brief description of the incident (such as vehicle accident and damage to privately owned vehicle, customer slipped and fell and injured foot while dancing at Officers' Club function, customer injured left hand while in boat rented from marina, customer injured right foot while lighting propane tank at outdoor recreation facility, child injured left hand at child development center).
5. Estimate of Loss (must be over \$1,000).
6. Action taken by Force Support Squadron personnel to mitigate the loss, do first aid, assist the claimant, or otherwise reduce Services liability.

Signature of Force Support Squadron Commander/Director/Deputy

**Attachment 4**  
**READY REFERENCE**

**Table A4.1. Checklist for Property, Liability, And Aero Hull Claims.**

<b>Item #</b>	<b>Action Item</b>	<b>Action Officer</b>	<b>Start Date</b>	<b>Reference</b>
1	Notify the FSS Leadership and RM of loss <ul style="list-style-type: none"> <li>- Identify damaged/undamaged goods</li> <li>- Move assets to a safe location (if applicable)</li> <li>- Secure area (if applicable)</li> <li>- Prepare report of potential liability claim (if applicable) (see Note 1)</li> </ul>	Flight Chief	1 - 30 days of loss (see Note 2)	Para 1.5.1
2	Notify Security Forces, civil authorities, and Flight Chief <ul style="list-style-type: none"> <li>- Identify witnesses</li> <li>- Gather information (date, time, place, etc.)</li> </ul>	Activity Manager	1 – 30 days of loss (see Note 1)	Para 1.5.2
3	Initiate Notice of loss in myFSS to AFSVC/VI. Estimate value of loss using all available information	Resource Manager	1- 30 days of loss (see Note 1)	Atch 3
4	Submit proof of loss to AFSVC/VI <ul style="list-style-type: none"> <li>- Estimates (see note 2)</li> <li>- Inventory Worksheet (see Note 3)</li> <li>- Incident report/Police Report/Statements</li> <li>- Certificate from Public Health (if applicable)</li> <li>- Receipts/Deposits (if applicable)</li> <li>- Inquiry/Investigation</li> </ul>	Resource Manager	1 - 90 days of loss	Para 1.5.3 Para 1.6-1.9
5	Validate funds received are properly expended	Resource Manager	1 - 30 days of payment	Para 1.5.3
6	Forward final itemized invoice to AFSVC/VI	Resource Manager	1 - 30 days of repair/replacement	Para 1.5.3

**Notes:**

1. Initiate notice of loss in myFSS platform within 24 hours if loss is over \$10,000.
2. Damages of \$1,000 or more require two repair estimates. When loss is between \$500 - \$999 provide one estimate.
3. The property must have a current value recorded in the General Ledger Accounting Code (GLAC).





## Attachment 5

### NATURAL DISASTER RECOVERY PROGRAM SUMMARY

**A5.1. Purpose.** Develop a capability to provide responsive recovery assistance to Force Support Squadron operations and programs impacted by natural disasters such as hurricanes, tornadoes, floods or fire. Air Force Services Center funds Nonappropriated Fund employee travel expenses, and appropriated fund employees are funded by installation/Major Commands.

#### **A5.2. Action Plan Objectives.**

A5.2.1. Provide essential support to Force Support Squadron personnel in assessing disaster damages.

A5.2.1.1. For Continental U.S. locations: be on-site within 72 hours of installation request.

A5.2.1.2. For outside the Continental U.S. locations: be on-site within 96 hours of installation request.

A5.2.2. Provide timely requests to fund (with Operations & Maintenance or Military Construction Funding) emergency unfunded requirement to the Installation Comptroller including all applicable documentation.

#### **A5.3. Key Action Plan Elements.**

A5.3.1. Force Support Squadron Commander establishes a pool of qualified personnel at the installation to augment Air Force Services Center personnel.

A5.3.2. Air Force Services Center (Insurance Branch) trains a reserve pool of personnel in Nonappropriated Fund Property Insurance Program coverage, and administrative procedures.

A5.3.3. Air Force Services Center (Insurance Branch) provides “after-action” follow-up assistance to ensure any insurance claim is paid as soon as possible.

#### **A5.4. Scope of Assistance Provided.**

A5.4.1. Survey damage.

A5.4.2. Compare Property Insurance Program coverage with Nonappropriated Fund property records and actual damage/destruction incurred useable only if appropriated fund funds are not available.

A5.4.3. Help the installation file a claim.