52.246-23 Limitation of Liability.

As prescribed in 46.805 , insert the following clause:

Limitation of Liability (Feb 1997)

(a) Except as provided in paragraphs (b) and (c) of this clause, and except for remedies expressly provided elsewhere in this contract, the Contractor *shall* not be liable for loss of or damage to property of the Government (excluding the *supplies* delivered under this contract) that-

(1) Occurs after Government acceptance of the *supplies* delivered under this contract; and

(2) Results from any defects or deficiencies in the *supplies*.

(b) The limitation of liability under paragraph (a) of this clause *shall* not apply when a defect or deficiency in, or the Government's acceptance of, the *supplies* results from willful misconduct or lack of good faith on the part of any of the Contractor's managerial personnel. The term "Contractor's managerial personnel," as used in this clause, means the Contractor's directors, officers, and any of the Contractor's managers, superintendents, or equivalent representatives who have supervision or direction of-

(1) All or substantially all of the Contractor's business;

(2) All or substantially all of the Contractor's operations at any one plant, laboratory, or separate location at which the contract is being performed; or

(3) A separate and complete major industrial operation connected with the performance of this contract.

(c) If the Contractor carries *insurance*, or has established a reserve for *self-insurance*, covering liability for loss or damage suffered by the Government through purchase or use of the *supplies* required to be delivered under this contract, the Contractor *shall* be liable to the Government, to the extent of such *insurance* or reserve, for loss of or damage to property of the Government occurring after Government acceptance of, and resulting from any defects or deficiencies in, the *supplies* delivered under this contract.

(End of clause)

Parent topic: 52.246 [Reserved]