52.246-24 Limitation of Liability-High-Value Items.

As prescribed in 46.805 , insert the following clause:

Limitation of Liability-High-Value Items (Feb 1997)

(a) Except as provided in paragraphs (b) through (e) of this clause, and notwithstanding any other provision of this contract, the Contractor *shall* not be liable for loss of or damage to property of the Government (including 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 sup-plies.

(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.

(d)

(1) This clause does not diminish the Contractor's obligations, to the extent that they arise otherwise under this contract, relating to correction, repair, replacement, or other relief for any defect or deficiency in *supplies* delivered under this contract.

(2) Unless this is a cost-reimbursement contract, if loss or damage occurs and correction, repair, or replacement is not feasible or desired by the Government, the Contractor *shall*, as determined by the *Contracting Officer*-

(i) Pay the Government the amount it would have cost the Contractor to make correction, repair, or replacement before the loss or damage occurred;

(ii) Provide other equitable relief.

(e) This clause *shall* not limit or otherwise affect the Government's rights under clauses, if included in this contract, that cover-

(1) *Warranty* of *technical data;*

(2) Ground and flight risks or aircraft flight risks; or

(3) Government property.

(End of clause)

Alternate I (Apr 1984). If the contract is for both high-value items and other end items, the *contracting officer shall* identify the high-value items by *line item* and insert the following preamble before paragraph (a):

(This clause *shall* apply only to those items identified in this contract as being subject to this clause.)

Parent topic: 52.246 [Reserved]