USS-POSCO Industries (UPI) Sheet Claims Policy

Scope:

UPI warrants that goods furnished will be produced and tested in accordance with the specifications of the purchased material as identified by the purchase order acknowledgements and further defined by any formal customer specification and/or contract or general industry standard that is referenced. Exceptions to specified requirements will be documented and will be used as overriding criteria for claim acceptance. The purpose of this claim policy is to outline some of the significant parts of the claim policy and is not intended to cover all situations that may arise in the settlement of claims and complaints.

UPI reserves the right to modify or supersede this general policy at anytime to reflect changes mandated by policy revisions.

Claim Handling:

UPI’s dedication to satisfy our customers is primarily reflected in two concepts: agreement in producing product that meets customer standards and specifications as agreed to at order entry. Tolerances and requirements for product will be consistent with customer specifications and/or applicable society standard (ASTM, AISI, etc.).

During claim investigation, UPI reserves the right to visit to obtain samples, inspect claimed material and obtain digital photos or video media that pertain to the claim.

Customer Responsibilities:

Customer inspection of coils is expected for each incoming load and should be done prior to unloading. For all obvious damage and wet package conditions a written exception must be clearly written on the delivery receipt. Lacking such an exception for obvious damage and wet material, load is assumed to be delivered and accepted as prime by customer. Coils should always be stored fully wrapped until used for production. Coil package must be saved along with the coil – if damage, moisture, or rust is observed when the coils are unwrapped. Notify UPI representative of all problem conditions as soon as observed and hold material for inspection. Transit claims will be declined if proper exceptions are not taken and reported within 15 days of receipt. Rail transit rust due to condensation is no longer under warranty by UPI as the condition is inherent to this mode of transportation. All other rail transit claims must be reported as soon as possible and be fully documented with pictures of the damage while material is still in the railcar, with an exception taken with the railroad at the time of delivery.

Customer must promptly notify UPI when material is found to be defective. When submitting claims appropriate information is required including claim reason, ticket numbers, rejected quantity, quantity type (e.g., slit mult, sheets or coil), inspection reports, photos or samples, and location of material. Other required information is where in the coil(s) the defect is occurring (e.g., top/bottom, one edge or both edges, inside or outside wraps), or if mult, which mult is it across the width? If it is a repeating defect, what is the frequency (distance apart). Material should be set aside for inspection and further disposition by mill personnel.
UPI must be given reasonable opportunity to investigate all nonconforming material. Claims will not be honored if material has aged beyond twelve months after invoice date, not stored properly within customer’s inventory, or exposed to excessive processing delays within the customer’s manufacturing process.

Time limit for storage rust claims on Black Plate and electrostatically oiled Cold Rolled or Galvanized product is 90 days from receipt if delivered without transit damage to the coil package. All customers waive claim on rust on any product that is ordered dry. All rust claims must be in compliance with UPI’s Rust Policy.

Unprocessed strip off the coil must be inspected to evaluate the as-shipped quality prior to accepting claims for defects that can be generated during customer processing such as: shape; mechanical damage and surface contamination. Individual coils must be pulled from the processing line if a defect continues after processing 10% of the coil. UPI guarantees 98% of the master coil to be satisfactory. Customers should stop processing coils from the same production series after two coils are found to have the same defect and promptly hold all remaining coils from that production series for UPI review.

For shape claims, evidence of the shape defect must be given in the as-received coil condition. For shape claims on cut to length material, it must be leveled by the customer to remove coil set. Any other photos of shape issues must be of a sample on a flat surface (not stacked on a skid). Shape claims for wavy edge and center buckles should include wave height and repeat distance. Some examples of defects requiring evidence in the as-received condition would include:

- Edge Wave
- Center Buckles
- Camber
- Telescopied ID or OD
- OD or ID Damage

UPI Reservations:

UPI reserves the right to make a final disposition on accepted claim material and to handle each claim individually, based on the circumstances surrounding the claim in question.

Individual coils with billed weight within 1% of the customer’s certified scale weight will not be subject to claim or credit. Individual coils with significant weight differences of 5% of greater should be held for separate investigation.

No material is to be scrapped or resold without prior approval from UPI. Unauthorized deductions before a claim is dispositioned and settled may result in consequences that include, but not limited to, shipping and/or credit holds, loss of discount privileges and/or denial or the claim.

Consequential Cost:

For claims accepted by UPI, only the value of the weight of the material involved in the claim will be accepted. UPI will not honor consequential costs such as sorting, coating, painting, shearing, sampling, storage, freight, additional processing, administrative, or replacement cost unless pre-approved by UPI prior to incurring expense. UPI will not be liable for consequential damages or any further cost.
If material is rejected during processing, UPI will evaluate each claim individually to determine if the condition could have been observed or otherwise detected prior to that processing.

In no event shall UPI be liable for or accept any claims for personal injury, disease, death or property damage, loss of profit or lost business, production disruption or delay, or any indirect or incidental costs, or any other consequential damages of any kind. Customer must submit final claim charges on all settled items within thirty (30) days of settlement.

Any unauthorized or unidentified deductions taken by a customer before claim is disposed of, approved by UPI and settled shall constitute nonpayment with subsequent consequences: including, but not limited to, implementation by UPI of a credit hold, shipping hold, and/or loss of discount privileges.