

§ 738.27

7 CFR Ch. VII (1-1-01 Edition)

§ 738.27 Insurance; requirements.

(a) Each warehouseman, when so requested in writing as to any wool by the depositor thereof or lawful holder of the receipt covering such wool, shall, to the extent to which in the exercise of due diligence he is able to procure such insurance, keep such wool while in his custody as a warehouseman insured in his own name or arrange for its insurance otherwise to the extent so requested against loss or damage by fire or lightning. When insurance is not carried in the warehouseman's name the receipts shall show that the wool is not insured by the warehouseman. Such insurance shall be covered by lawful policies issued by one or more insurance companies authorized to do such business and subject to service of process in suits brought in the State where the warehouse is located. If the warehouseman is unable to procure such insurance to the extent requested, he shall, orally, or by telegraph, or by telephone immediately notify the person making the request of the fact. Nothing in this section shall be construed to prevent the warehouseman from adopting a rule that he will insure all wool stored in his warehouse.

(b) Each warehouseman shall keep exposed conspicuously in the place prescribed by §738.6 and at such other place as the Administrator or his representative may from time to time designate, a notice stating briefly the conditions under which the wool will be insured against loss or damage by fire or lightning.

(c) Each warehouseman shall, in accordance with his contracts with insurance and bonding companies for the purpose of meeting the insurance and bonding requirements of the regulations in this part, pay such premiums, permit such reasonable inspections and examinations, and make such reasonable reports as may be provided for in such contracts.

(d) Each warehouseman shall promptly take such steps as may be necessary and proper to collect any moneys which may become due under contracts of insurance entered into by him for the purpose of meeting the requirements of the regulations in this part, and shall, as soon as collected, promptly

pay over to the persons concerned any portion of such moneys which they may be entitled to receive from him.

§ 738.28 System of accounts.

(a) Each warehouseman shall use for his warehouse a system of accounts, approved for the purpose by the Department, which shall show for each lot of wool received, its weight, the number of bags or bales, its grade when its grade is required to be, or is, ascertained, its location in the warehouse, the dates received for and delivered out of storage, the receipt issued and canceled, and a separate record for each depositor of wool, and such accounts shall include a detailed report of all moneys received and disbursed and of all insurance policies taken out and canceled. In addition, for wool the identity of which is to be preserved, the accounts shall show its identification in accordance with §738.34, and for wool the identity of which is not preserved the accounts shall show the designation of the lot or pile of which it is a part and the estimate of the shrinkage of such wool stated on the receipt therefor. Such records shall be retained by the warehouseman for a period of six years after December 31 of the year in which created, and for such longer period as may be necessary for the purposes of any litigation which the warehouseman knows to be pending, or as may be required by the Administrator in particular cases to carry out the purposes of the Act.

(b) Each warehouseman shall provide a metal fireproof safe, a fireproof vault, or a fireproof compartment in which he shall keep, when not in actual use, all records, books, and papers pertaining to the warehouse, including his current receipt book, copies of receipts issued, and canceled receipts, except that, with the written approval of the Department upon a showing by such warehouseman that it is not practicable to provide such fireproof safe, vault, or compartment, he may keep such records, books, and papers in some other place of safety approved by the Administrator or his representatives. Each canceled receipt shall be retained by the warehouseman for a period of six years after December 31 of