

Management of NCF Property, Contents, and Rental Insurance

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Purpose

The objective of this policy is to provide guidelines for the management of the State's Property Insurance Program through the Department of Financial Services, Division of Risk Management (DFS-RM), and to insure that College buildings are properly covered in the event of a catastrophic loss.

Overview

As a part of the State University System of Florida (SUS), College buildings are insured through the State Risk Management Trust Fund for losses against recognized perils. Florida Statutes, Chapter 284, detail the specifics of the Fund. Specifically:

The College must insure that all buildings and contents values are provided to the Division of Risk Management on a routine basis for proper coverage as indicated in the Procedures below;

Buildings are insured for Actual Cash Value (ACV), defined as Replacement Cost less depreciation;

Property valued under \$500 is not covered;

The deductible for any single event is \$2500 (except for Flood);

Flood Insurance is provided via the National Flood Insurance Program. Separate NFPI Deductibles as defined in the policy apply.

The College knowingly accepts a risk of loss on any given peril based on the difference in ACV and Replacement Value of the property. The College Board of Trustees (BOT) acknowledged this difference and the appraisal method to update building valuations, by means of a formal motion adopted during a June 14, 2008 BOT meeting.

Procedures

Property Values

The Department of Environmental Health and Safety, Risk Management and Insurance, will be responsible for the maintenance of Property and Contents Insurance Program.

The College will determine ACV using a recognized appraisal method when appropriate and financially feasible. The ACV will be updated annually when practical or when annual appraisals reflect significant changes in ACV of any given building. At a minimum, updates will be conducted every three years as required by DFS, or as requested by the Division of Risk Management.

The Risk Management Trust Fund requires sheds and other temporary buildings, including their contents, to be insured separately. Building values will be determined either by appraisal, or capitol inventory records in conjunction with DFS-RM for reasonableness.

The Risk Management Trust Fund requires that external generators be insured separately from the buildings that they serve. Values will be determined either by appraisal, or capitol inventory records in conjunction with DFS-RM for reasonableness.

Contents Values

Contents Values will be based on the same recognized appraisal methods when appropriate.

In some unique situations appraisal methods may not reflect appropriate contents values of University contents and equipment. In this situation, values may be derived from a combination of capitol inventory values, formulas for non-capitol inventory, detailed non-capitol inventory, or combinations of the three. In this case the following formula will be used to estimate non-capital inventory:

Non-Capital Contents Estimate = (#of Professional Staff*\$2262 + # of non-Professional Staff * \$1454)
* 25% Adjustment Factor

Contents values of sheds and temporary buildings will be based either on appraisal, or estimations of contents inventory provided by the department owning the building, and/or capitol inventory (if applicable).

Contents values may be adjusted as needed during any given year, on a per building basis, if significant capitol property changes are reported to EH&S by the Controller's Office Property Manager or Departmental Property Manger.

The Risk Management Trust Fund excludes many types of contents including museum collections, artifacts, rare books, special collections, boilers and machinery, boats, useable products/chemicals, and others, therefore, these items will not be included in the contents valuation.

Rental Values

Rental Value Insurance is required to indemnify the state or agencies for loss of income when such insurance is required by the condition of the terms of the bonding agent as detailed in F.S. Chapter 284.01(2).

The College will provide Rental insurance for all buildings for which rental income is collected, and the loss of said income would jeopardize repayment of revenue bonds and certificates.

Rental Values will be calculated on an annual basis by Student Affairs, Division of Residence Life, and provided to EH&S. Rent Values will be calculated as follows:

Total Rental Rate/Building = (Annual Rent/Bed * # Beds) – Staff Allowance

Changes in Rental Rate insured values will be made any time as submitted by Student Affairs.

Claims for Losses

Claims for losses will be filed by the Office of EH&S following guidelines established by DFS-RM.

Losses will be reported as soon as sufficient information is available and provided to EH&S, but in no cases will this be greater than 90 days.

Losses will be reported on Form DI4-485 and submitted to DFS.

Supporting documentation for losses will be provided by Facilities Planning, Physical Plant, other departments, or contractual resources hired to assist with providing such documentation.

Premiums

Premiums are based on the Property/Contents inventory of record with the DFS-RM as of June 30 each year and are invoiced July 1 to the NCF Controller's Office.

Additional Insurance

The College may purchase additional property insurance over the ACV to provide coverage for the difference between ACV and Replacement Cost. This insurance is optional and the costs and advantages of procuring this coverage, if available, must be weighed carefully against the potential for losses, and the College's ability to recoup losses from other internal and external sources.

References

1. Florida Statutes, Chapter 284
2. Florida Administrative Code, Chapter 69H-1