

CF OPERATING PROCEDURE
NO. 75-3

STATE OF FLORIDA
DEPARTMENT OF
CHILDREN AND FAMILIES
TALLAHASSEE, December 16, 2008

Procurement and Contract Management

INSURANCE

This operating procedure sets forth guidelines and procedures for reporting general liability; medical malpractice; automobile, workers' compensation, and institutional resident liability; rental car collision damage; employee honesty bond; and boiler and machinery, electronic data processing, fire, and miscellaneous property insurance claims in the Department of Children and Families (DCF).

BY DIRECTION OF THE SECRETARY:

(Signed original copy on file)

MELISSA P. JAACKS
Assistant Secretary for
Administration

SUMMARY OF REVISED, ADDED, OR DELETED MATERIAL

This operating procedure has been revised in order to conform to the plain language initiative.

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This operating procedure supersedes CFOP 75-3 dated February 1, 2005.

OPR: ASGO

DISTRIBUTION: A

INSURANCE

1. Purpose. This operating procedure governs the settlement of claims for wrongful acts and Workers' Compensation claims reporting procedures of all organizational units of DCF. It also establishes uniform standards and methods for transmitting insurance claims, reports, and related information to the Department of Financial Services (DFS) and the Department of Management Services (DMS).

2. References.

- a. Chapter 284, Florida Statutes (F.S.), Florida Fire Insurance Trust Fund.
- b. Chapter 287, Part 1, F.S., Commodities, insurance, and contractual services.
- c. Chapter 440, F.S., Workers' Compensation.
- d. Section 110.504, F.S., Volunteer Benefits.
- e. Section 112.19, F.S., Law enforcement, correctional, and correctional probation officers; death benefits.
- f. Section 112.191, F.S., Firefighters; death benefits.
- g. Section 402.181, F.S., State Institution Claims Program.
- h. Section 768.28, F.S., Waiver of sovereign immunity in tort actions; recovery limits; limitation on attorney fees; statute of limitations; exclusions; indemnification; risk management programs.
- i. Chapter 2-6, Florida Administrative Code (F.A.C.), Administration of Claims Arising Under Section 402.181, Florida Statutes.
- j. Chapter 69H-1, F.A.C., Florida Fire Insurance Trust Fund.
- k. Chapter 69H-2, F.A.C., Florida Casualty Insurance Risk Management Trust Fund.
- l. CFOP 40-1, Official Travel of DCF Employees and Non-Employees.
- m. CFOP 55-9, Internal Fraud Procedures.
- n. CFOP 60-55, Chapter 1, Standards of Conduct and Standards for Disciplinary Action for Department Employees.
- o. CFOP 60-05, Chapter 8, Bonding of Employees.
- p. CFOP 175-60, State Institutional Claims for Damages Caused by Shelter or Foster Child.

3. General.

a. The comprehensive and diversified insurance program required for DCF is overseen by the Office of General Operations (ASGO) in close coordination with the Departments of Financial Services and Management Services. Premium allocation and payment also involves the Office of Budget Services (ASB) and the Office of Financial Management (ASFM).

b. All liability, workers' compensation and fire insurance claims are covered through the State Property and Casualty Claims Program administered for the state by the Department of Financial Services. Specifically, the Bureau of State Liability Claims is responsible for the proper disposition of

state liability insurance and workers' compensation claims. Responsibility for the proper disposition of all claims related to fire insurance coverage lies with the Bureau of Property, Financial and Risk Services.

c. In addition to liability, workers' compensation and fire insurance, the state has a need for other kinds of insurance for its operation. These include boiler and machinery, electronic data processing equipment, blanket employee dishonesty bond, accidental death and dismemberment, miscellaneous property coverage. Under Section 287.022, F.S., the Department of Management Services is responsible for purchasing all insurance for state agencies. Where practicable, DMS consolidates these purchases on a statewide basis to take advantage of volume purchasing. Policy administration is the responsibility of DMS' Division of Purchasing

d. Section 287.025, F.S. prohibits state agencies from obtaining certain types of insurance coverage on state-owned property. These prohibited coverage's are:

- (1) Physical damage on motor vehicles. This includes collision, upset or overturn, fire and theft.
- (2) Physical damage on watercraft and related equipment.
- (3) Loss of rental income on any buildings unless the buildings are financed in whole or in part by revenue bonds or certificates the terms of which require such coverage or unless otherwise authorized by law.
- (4) Miscellaneous equipment which is subject to a transportation feature and subject to ordinarily being covered by an inland marine insurance floater.
- (5) Museum collections, artifacts, relics or fine arts.
- (6) Glass insurance.
- (7) Coverage against vandalism or malicious mischief unless it is part of an all-risks-of-physical-loss form.
- (8) Insurance against loss or damage to livestock and services of a veterinary for such animals.

e. ASGO maintains complete files of all insurance agreements. All forms referred to in this operating procedure are available in DCF Forms on the Intranet and Internet

4. Claim Processing Responsibilities.

a. ASGO serves as the department's insurance claims coordinator, and as such maintains liaison with DFS, DMS and the department's General Counsel on matters related to insurance coverage. ASGO should be advised on claims of a serious nature and must be furnished copies of reports involving serious automobile and general liability accidents.

b. The region general services manager or a circuit administrator's designee serves as the insurance claims coordinator for each circuit. ASGO will serve as insurance claims coordinator for all headquarters units.

c. Explicit claims reporting procedures and coordinating responsibilities are outlined under each type of coverage. All supervisory personnel are responsible for the orientation of employees under their control in the provisions of this operating procedure as may be appropriate.

5. General Liability (Including Medical Malpractice).

a. The extent of state liability is regulated by Section 768.28, Florida Statutes. Under this law, the state provides only for the payment of claims up to \$100,000 per person and \$200,000 per incident or occurrence. The payment of any claims exceeding these levels must be approved by the legislature. In addition, the statute states that no employee, officer or agent of the state can be held personally liable for any actions that occur during the performance of their official duties unless they act in bad faith or for malicious purposes or show wanton disregard for human rights, safety or property.

b. All liability claims investigations and settlements will be conducted or supervised by personnel of DFS' Bureau of State Liability Claims. DCF personnel may be contacted by bureau representatives. Complete cooperation is required.

c. When an employee has knowledge of an occurrence that may develop into a liability claim, a Department of Financial Services Form DI4-1403, General Liability Loss Report (available in DCF Forms) must be completed within 24 hours and filed with the Bureau of State Liability Claims. Copies of the form must also go to the department's appropriate insurance claims coordinator for information only.

d. When a DCF office is contacted by a claimant or representative and advised that a claim is being made, the employee contacted must not discuss the merits of the claim, but will obtain as much information as possible, to include:

- (1) Name of claimant(s), address(es), and age(s).
- (2) Nature of claim (injury to property or bodily injury, etc.).
- (3) Date of accident/event and exact location.
- (4) Description of the circumstances surrounding the accident/event.
- (5) Names of any witnesses to the accident/event.

e. The above information will then be used to complete a General Liability Loss Report within 24 hours from the time that notice of claim or potential claim is received. Send the report to the Bureau of State Liability Claims at the address listed on the form. A copy must also be sent both to the region insurance claims coordinator and to ASGO for information only. The Form DI4-1403 must be completed, signed and forwarded by the department organizational unit to the Bureau of State Liability Claims only. The bureau must be notified immediately at (850) 413-3122 of all claims of a serious nature and of any imminent litigation.

f. When letters are received threatening suit, stating claims or noticing intended suits or claims, or when suit is actually instituted, forward immediately every letter of demand or notice of claim, summons, or other process received to the department's general counsel for referral to the Bureau of State Liability Claims. Upon receipt by the bureau, an investigation will be made of claims, or in the event an actual lawsuit is instituted, defense counsel will be assigned. Requests by claimants and their representatives for information must also be referred to the department's general counsel, unless the release of such information is regulated by statute.

g. Medical Malpractice. If an accident, situation or significant injury occurs that results in a medical malpractice claim being filed against the department, it must be reported to the Bureau of State Liability Claims. This will give the bureau the opportunity to pursue any investigation required to ensure full protection for the employee and protect the state's interest. All adverse or sentinel events should be reported to the bureau by phone within 72 hours. This initial report must be followed by the

submission of a General Liability Loss Report within 15 working days. This General Liability Loss Report does not relieve any other reporting requirements set forth by any other procedure, rule, Florida Statute, Florida Administrative Code, or JCAHO.

6. Institutional Liability For Damage Caused By Patients, Residents, Wards Or Clients.

a. Section 402.181, F.S. creates a State Institutions Claim Program for the purpose of making restitution for property damage and/or direct medical expenses for injuries caused by shelter children and foster children or patients and escapees of the department's institutions. Under this program, the Department of Legal Affairs is authorized to pay individual claims up to \$1,000 or \$1,500 for claims involving children in foster care and their families. Claims in excess of these amounts may only be settled with legislative approval. The institutional superintendents, administrators or their designees will process the claims. A copy of each claim must be sent to the fiscal office.

b. Application procedures for these claims are provided on Form DVS 402, State Institutional Claims Restitution Claim Form, which is available in DCF Forms or from the Department of Legal Affairs at:

Office of the Attorney General
Bureau of Victim Compensation
The Capitol, PL-01
Tallahassee, Florida 32399-1050

c. A copy of each claim submitted to the Department of Legal Affairs must additionally be submitted to the Division of Risk Management, Bureau of State Liability Claims, accompanied by a Form DI4-1403, General Liability Loss Report. This additional step will ensure that all of the department's liability claims are given a comprehensive review by trained insurance claims examiners.

d. Claims for restitution involving shelter or foster children must be filed in accordance with CFOP 175-60, State Institutional Claims for Damages Caused by Shelter or Foster Child.

7. State Liability Protection For Volunteers. Section 110.504(4), F.S. provides state liability protection for volunteers. The legislature has defined volunteers as state agents and offers them the same liability protection as employees.

a. Eligibility. State liability protection in case of suit or claim can be extended if, at the time of the alleged liability incident, the volunteer was:

(1) Acting in good faith.

(2) Functioning within the scope of state-assigned duties.

b. Volunteer Orientation. To ensure that all volunteers know what is expected in terms of conduct, all volunteers must attend the department's orientation and the pre-service training for the organizational unit in which they will work.

c. Filing Reports and Claims. All volunteer liability incidents, claims, and suits must be reported as prescribed in paragraphs 5 (General Liability), 8 (Automobile), or 9 (Rental Car Collision Damage) of this operating procedure.

8. Automobile.

a. Coverage. The state provides liability insurance coverage for state-owned vehicles and covers all officers, employees and agents of the department involved in vehicle accidents while acting

within the scope of their office or employment. Employees, officers and agents of the department using their personal vehicles to conduct official state business are covered as well. However, Section 287.025, F.S. specifically prohibits the provision of any type of insurance to cover the physical damage to vehicles. Further, the department is prohibited from paying people using their personal vehicle for official state business anything but mileage and reimbursement of bridge and road tolls under Section 112.061, F.S.

b. Personal Responsibility. Department employees or agents involved in a vehicle accident while on official business for the department must make very effort to promptly notify appropriate law enforcement personnel and obtain the information required on the standard Automobile Accident Report, Form DI4-261. Witnesses must be identified and no commitments made to persons involved in the accident. First aid must be rendered as appropriate. Accidents involving department vehicles must be handled with the same prudence as an accident involving personal vehicles.

c. Claim Reporting Procedure. Whenever an automobile accident occurs which may develop into a liability claim against the state, a Department of Financial Services Form DI4-261, Automobile Accident Report (available in DCF Forms) must be filed with the Bureau of State Liability Claims, along with a copy of the police report. If the accident involves bodily injury, heavy property damage or non-drivable vehicles, it must be reported by the employee involved in the accident immediately by telephone to the Bureau of State Liability Claims at (850) 413-3122. All accidents that take place on holidays or weekends should be reported on the first working day following the occurrence. Information copies of Form DI4-261 and the police report must be forwarded to the appropriate department insurance claims coordinator and ASGO. All correspondence received involving legal proceedings must immediately be sent to the department's general counsel where legal action will be coordinated with the Bureau of State Liability Claims.

d. Automobile No-Fault Claims. If DCF personnel are contacted by injured persons making claim for Personal Injury Protection (PIP) benefits under no-fault insurance, they are to take the person's name, address and telephone number and advise the injured person that they will be mailed the necessary claim forms. DCF personnel will then contact the Bureau of State Liability Claims and advise them of the request for benefits, providing sufficient information for the bureau to contact the injured person. The bureau will contact the injured person and provide them with all necessary forms.

9. Collision Damage Coverage On Rental Cars.

a. The Department of Management Services, Bureau of Motor Vehicles and Watercraft Management maintains a rental car contract with a commercial rental car company. The contract provides for full collision damage coverage as a part of the rental rate structure. This feature enables state employees to avoid payment of the premium which rental agencies charge to cover the collision damage deductible portion of the standard rental contract. (See CFOP 40-1, Official Travel of C&F Employees and Non-Employees.)

b. If circumstances require the employee to rent a car from a company other than the one on state contract, the employee is authorized to pay the deductible premium and claim reimbursement on the employee's travel voucher. The travel voucher must reflect why an alternative vehicle was rented.

c. The employee involved in an accident must report any accident involving a rental car to the proper law enforcement agency and the rental agent. The employee must cooperate with both agencies in providing information or completing reports relative to the accident. Any questions must be directed to the Bureau of Motor Vehicles and Watercraft Management in Tallahassee at (850) 488-4290.

d. Before removing an automobile from the rental premises, each employee must physically examine the vehicle to determine if there is prior damage to the car. If there is, the damage must be immediately reported to the rental agent to prevent improper claims.

e. Detailed information concerning the terms, prices, and conditions of the state rental car contract may be obtained from ASGO, or the Bureau of Motor Vehicles and Watercraft Management.

10. Workers' Compensation Claims.

a. Employees are covered by workers' compensation insurance providing medical care as well as compensation for disabilities resulting from on-the-job injuries. Employees are required to report on-duty accidents to their supervisor immediately and obtain approval for medical care and/or compensation through the state-contracted provider to be eligible for benefits. Compensation is dependent upon the nature of the injury.

b. OPS employees are normally only covered for medical care. In the event of disability resulting from an on-the-job injury an OPS employee may also be entitled to wage loss benefits. The Division of Risk Management in the Department of Financial Services sends information and instructions to OPS employees who sustain a disability resulting from an on-the-job injury.

11. Law Enforcement Accidental Death And Dismemberment. Under sections 112.19 and 112.191, Florida Statutes, the state's law enforcement officers and firefighters, their families and heirs are entitled to receive cash benefits in case of their accidental death or dismemberment in the line of duty. This includes the department's Institutional Security Specialists and firefighters. The state maintains an insurance policy in order to ensure payment of these benefits. All claims under this policy must be made through ASGO.

12. Blanket Employee Dishonesty Bond.

a. The state Blanket Employee Dishonesty Bond program insures the department against loss sustained through any fraudulent or dishonest act or acts committed by any employee acting alone or in collusion with others. CFOP 60-05, Chapter 8, Bonding of Employees, establishes procedures for categorizing and bonding department employees. Procedures for reporting public assistance fraud cases involving department employees are slightly different than other employee bond claims and must be reported in accordance with CFOP 55-9, Internal Fraud Procedures.

b. Blanket Employee Dishonesty Bond coverage will be deemed canceled on an employee immediately upon discovery by the department of any act on the part of such employee which would constitute a liability to the bonding company. Discovery of loss under a fidelity bond occurs when the insured learns facts or obtains knowledge that would justify a careful and prudent person in charging another with fraud or dishonesty. Furthermore, once an employee has been discovered to have caused a loss, no attempt may be made by the department to negotiate any settlement with such employee. Additionally, such employee must be removed from that position in accordance with the provisions of CFOP 60-55, Chapter 1, Standards of Conduct and Standards for Disciplinary Action for Department Employees.

c. Documentation for Dishonesty Bond Claims. The documentation below is required from the region insurance claims coordinator, ASGO or designee in order to file a claim. Claims are filed by ASGO with the bonding company.

(1) A complete audit or fraud investigation report received from the appropriate law enforcement agency or investigative entity.

(2) Any documentation utilized by auditors or fraud investigators to substantiate their findings and conclusions.

d. Proof of Loss Form. The Proof of Loss form for all cases will be prepared, signed and notarized by ASGO. The claim, with all relevant attachments, will be transmitted by ASGO to the bonding company.

e. Claim Disposition Notice. The region insurance claims coordinator, or designee reporting the loss will be notified in writing by ASGO of the claim's disposition. If a payment check is issued to DCF as a result of a claim, the check, release forms and claim disposition notice will be forwarded to ASGO by the bonding company. The release form will be signed by ASGO and returned to the bonding company. The claim payment will be forwarded to the respective fiscal office for depositing in accordance with existing accounting procedures.

f. Claim Rebuttal. If a claim is rebutted by the bonding company, the file will be transmitted by ASGO to the Office of Legal Services (OSLS) for review and further action.

13. Electronic Data Processing (EDP) Equipment.

a. The department participates in the state insurance coverage for electronic data processing equipment. This insurance covers all electronic data processing and communications equipment, including component parts and wiring, owned by the department or in our custody and control. The policy covers losses from all causes except flooding. This includes theft. State EDP insurance coverage is administered by the Department of Management Services, Bureau of Purchasing.

b. Each region and institution has a separate insurance level under this coverage. In general, each region has \$1,000,000 in coverage. Each institution generally has coverage totaling \$500,000. Premiums for this coverage are paid annually upon receipt of an invoice from the insurance provider.

c. All EDP claims must be filed within 90 days of the date of loss. The deductible for this insurance is \$500 for claims under \$10,000. Claims of \$10,000 or more have a \$2,500 deductible. All claims are filed by ASGO

14. Boilers And Machinery.

a. The department's boilers and heavy machinery are insured against accidental loss by a state policy that is procured by DMS' Division of Purchasing. In general, the policy covers boilers and pressure vessels, heating and cooling equipment, refrigeration equipment, mechanical and electrical equipment, communications systems, and office and computer equipment from loss due to mechanical breakdown, artificially generated electrical current, explosion of steam boilers, piping, engines and turbines, loss or damage to steam boilers, pipes, engines or turbines and loss or damage to hot water boilers and other water heating equipment. This coverage, however, excludes fire, normal deterioration and certain malfunctions brought about by improper maintenance

b. The Boiler and Machinery policy is a blanket policy that covers all applicable equipment at each covered location. A list of covered locations is available from ASGO and DMS' Division of Purchasing. Covered accidents are sudden accidental failures resulting in physical damage necessitating repair or replacement. While the policy states that deterioration, corrosion, erosion and wear and tear are not covered, a sudden failure, even though it is contributed to by corrosion, for instance, may be a valid claim. Explosion and lightning accidents may be covered by both the Boiler and Machinery and Florida Fire Insurance Trust Fund policies. Assistance is available from the Division of Purchasing and ASGO for determining the proper coverage and possible claim.

c. In the event of a breakdown of a piece of equipment, notify ASGO, the insurance company field representative or insurance agent within 24 hours of the breakdown. The field representative can be expected to conduct an inspection of the machinery and determine the insurance company's responsibility in the accident. The field representative may also provide assistance in preparing the specifications for effecting repairs. The settlement of claims made under this policy are adjusted on the basis of a deductible of 10% of each loss with a \$10,000 minimum.

d. These claims will be prepared by the appropriate insurance claims coordinator or ASGO. When losses are incurred at an institution, the responsibility for processing claims may be delegated to the superintendent, administrator, or designee.

e. For licensing, as well as safety reasons, certain types of equipment, particularly boilers, must undergo periodic inspection by representatives of the insurance company. The names, addresses and phone numbers for insurance field representatives who perform these inspections for the insurance company are available from ASGO.

f. ASGO or designees must report to the Division of Purchasing any new facilities to be added for coverage purposes within 180 days after substantial completion.

15. Buildings and Contents.

a. The Bureau of Property, Financial and Risk Services in the Division of Risk Management provides insurance coverage for all state-owned buildings and their contents, the contents of all state-leased buildings and on non-state-owned buildings when this is a lease requirement. This insurance covers losses due to fire, lightning, explosion, windstorm, hail, smoke, aircraft, vehicles, riot, civil commotion, sinkhole collapse, flood, and other such coverage's as permitted by statute. Losses by reason of theft, ordinance or law, earth movement (excluding sinkhole collapse), governmental action, nuclear hazard, failure of off-premises services, war or military action, and water damage not caused by flooding are not covered.

b. State fire insurance does not cover damage to land, parking lots and roadways, exterior lighting, fences, signs or monuments not mounted to a covered building, walkways, water and gas supply systems, sewage and electrical systems beyond a building, storm drains, culverts, retention ponds and associated piping, landscaping and building foundations below the lowest occupied level.

c. Procedures for Obtaining Insurance Coverage.

(1) In order to be covered, buildings must be state-owned and have a minimum cash value of \$500, or require coverage under the terms of the lease agreement (section 284.14, F.S.). To be sure the insurance requirements in a building lease can be provided, such leases must be reviewed by the Bureau of Property, Financial and Risk Services prior to being accepted and signed by the department.

(2) Contents must be state-owned and have an aggregate minimum replacement value of \$500 at the specific insured location to be eligible for coverage. The value of accounts, bills, currency, deeds, evidence of debt, money, security, bullion, manuscripts, artifacts, fine art, or any other properties are excluded by sections 284.01(3) and 287.025(1), F.S.

(3) Temporary structures that meet the above requirements will be insured at the acquisition costs and must not be included in the contents value. These items do not appreciate in value and losses will be adjusted on cost when acquired less depreciation.

(4) Coverage for protection against loss of rental income will be provided, as required, on buildings financed by revenue certificates or as otherwise permitted by statute. Requests for coverage must be made in accordance with paragraph (5) following.

(5) When requesting new items for coverage, complete Form DI4-850, Florida Fire Insurance Trust Fund Coverage Request, with the information requested that applies to the new location to be insured. Coverage request forms are available in DCF Forms or from ASGO. Under emergency conditions, temporary coverage for a period not to exceed thirty (30) days will be provided upon oral or written notification. Oral notification must be immediately followed with a written request.

(6) Fire insurance coverage on non-state-owned tangible personal property that is required by a lease can not be obtained through the Bureau of Property, Financial and Risk Services. This coverage must be requested through the Department of Management Services Division of Purchasing. Details about obtaining this coverage are addressed in paragraph 16 of this operating procedure.

(7) Existing coverage's are automatically renewed at the beginning of each fiscal year unless the Bureau of Property, Financial and Risk Services is notified of any changes. A copy of the new coverage certificate is sent to the region/institution property office at that time. Changes in insured values can be made at any time.

d. Calculating Coverage Values. Coverage includes the value of both structures and content.

(1) Buildings. Buildings are insured for their actual cash value (replacement cost, including the cost of architectural and engineering fees, less the cost of depreciation). The cost of excavation, foundations and that portion below the surface of the lowest floor or basement are excluded. Unless the building is new, the actual cash value will be determined using the method currently approved by the Department of Financial Services (see Appendix A to this operating procedure). Values must be periodically reviewed and adjusted to account for appreciation and depreciation.

(2) Temporary Structures. Temporary structures include mobile homes, portable offices and classrooms, sheds, communications towers, and gas, oil and water tanks. These structures do not appreciate in value and therefore are insured at their acquisition costs less depreciation.

(3) Contents. The value of the contents eligible for coverage include such items as furniture, computers, owned telephone systems and books. Do not include in the valuation such items as vehicles or other mobile equipment, museum collections, artifacts, relics, fine arts, or boilers and machinery or those items specified in section 287.025(1), F.S.

e. Calculating Content Value. In order to calculate the value of a building's contents, a Form DI4-851, Replacement Value Computation – Building Contents form (available in DCF Forms) must be completed for each building. The value of contents within a building is calculated in two stages:

(1) Inventoried Content Value. The content value for items on the property inventory may be obtained from the FLAIR Property Subsystem.

(2) Non-inventoried Content Value. Content value for items not on inventory is a region/institution management responsibility. The total non-inventoried content value will be determined in the following manner:

(a) Using current position factors, add the allowance for office supplies, calculators, file cabinets, desks and chairs for the classification of professional and separately for the classification of secretarial/clerical, then complete each of the following sections of Form DI4-851:

Section A-1 – Not used by the department. Items under \$500 are not inventoried.

Section B-2 – Using the total number of professional positions assigned to that location, multiply the number of positions by the position factor for professional positions. The result will be the content value for all professional positions at that location.

Section B-3 – Using the number of secretarial/clerical positions assigned to that location, multiply the number of positions by the position factor for secretarial/clerical positions. The result will be the content value for all the secretarial/clerical positions at that location.

Section B-4.1 – Number of prison cells x value in typical cell.

Section B-4.2 – Number of dorm/bedrooms x value in typical room.

Section B-4.3 – Kitchen/food services – tables, chairs, flatware, etc

Section B-4.4 – Number of CRTs x replacement cost.

Section B-4.5 – Other (specify).

Section B-4.6 – Other (specify).

Section B-4.7 – Other (specify).

Section B-4.8 – Other (specify).

(b) Add together the non-inventoried contents value as determined in sections B-2, B-3 and B-4. Add this amount to your inventory value. This total will be the amount you report to the Bureau of Property, Financial and Risk Services for coverage.

(c) Institutions, group homes, etc., will need to make additional evaluations of non-inventoried contents that are tailored to the specific services they offer. The contents of each residential room or special use facility must be evaluated and multiplied by the number of rooms or facilities in the insured location. The calculations performed in section B4 account for the contents in dormitory rooms, cells, and other special use facilities.

(d) The value of warehouse contents and the value of supplies must be obtained from the supply manager for inclusion into the content coverage for departmental supplies. The peak inventory value must be the guiding figure. If other supply type items are normally stored in a building (paper, x-ray films, medical, etc.), the value of these may also be included in the coverage. Consideration must also be given to the value of food supplies in the building and pantries housing food services supplies.

f. Changes in Inventory Values. All building and content values must be reviewed annually for any substantial increases (10 percent or more). If a substantial increase is noted, a request to change the amount of insurance must be made by recording the correct building and/or content value on the insurance certificate in the "CHANGE TO" column. After all of the changes are recorded, the updated insurance certificate must be submitted to the Bureau of Property, Financial and Risk Services. Changes in values can be made at anytime. A policy endorsement will be prepared and sent to the respective region, institution or Headquarters property office by the bureau that will reflect the changes. The region administrator, institution superintendent, chief management information officer or Office of General Services staff director will certify in writing to the Assistant Secretary for Administration that the insurance work sheets were completed and compared to the insurance certificate, and that the

insurance certificate was updated and returned to the Bureau of Property, Financial and Risk Services. This certification must be forwarded to the Office of General Services.

g. Premium Billings and Payments. An invoice for premiums will be mailed out at the beginning of each fiscal year with each policy. The invoice is due and payable upon receipt. Funds for the payment of this invoice are included in the department operating budget by the legislature each year. Any changes in coverage during the fiscal year will be reflected on a subsequent coverage endorsement and any additional premiums will be billed as approved in the state budget process.

h. Filing Claims in the Event of Loss.

(1) Protect the property from further damage using reasonable care by making emergency repairs or doing a temporary cover-up, as economically as possible.

(2) Notify the following offices immediately by telephone:

(a) Bureau of Property, Finance and Risk Services at (850) 922-3121.

(b) State Fire Marshal's Bureau of Fire and Arson Investigations field office nearest you at the number listed below if any damage is due to fire or there is damage to any fire alarm systems:

<u>Office Location</u>	<u>Counties Served</u>	<u>Local</u>
Pensacola	Escambia, Santa Rosa, Okaloosa	(850) 595-6394
Ft. Walton Beach	Walton, Holmes, Gulf, Washington, Bay	(850) 833-9125
Tallahassee	Jackson, Calhoun, Leon, Gadsden, Wakulla, Liberty, Franklin, Jefferson, Madison, Taylor, Hamilton, Suwannee, Lafayette	(850) 413-3900
Jacksonville	Columbia, Baker, Union, Bradford, Duval, Nassau, St. Johns, Clay, Putnam	(904) 727-5530
Ocala	Alachua, Dixie, Gilchrist, Marion, Levy, Citrus, Sumter, Lake	(352) 369-2801
Orlando	Orange, Seminole, Osceola	(407) 897-2892
Daytona Beach	Volusia, Brevard, Flagler	(386) 947-1707
Tampa	Hillsborough, Pasco, Pinellas, Manatee	(813) 871-7201
Bartow	Polk, Hardee, Desoto, Highlands	(863) 534-0087
Ft. Myers	Lee, Glades, Collier, Charlotte, Hendry	(239) 338-2327
West Palm Beach	Indian River, St. Lucie, Martin, Palm Beach, Okeechobee	(561) 681-6369
Plantation	Broward, Dade, Monroe	(954) 797-1700

(c) ASGO at (850) 487-1954.

(3) Follow-up the notification to the Bureau of Property, Financial and Risk Services with a completed Form DI4-854, Notice of Loss, stating pertinent information such as date, time, location, cause, and amount of damage. The completed form must be received by the bureau within 90 days of the date of loss. The form is available in DCF Forms. This notification must be forwarded through ASGO.

(4) As soon as conditions allow, a thorough documentation of the building and contents damage should be accomplished using still photos in as large a format as feasible. Videotaping may also be used; however, be sure to have adequate natural or artificial lighting and pan very slowly across all portions or typical examples of the damage. Provide as many angles and perspectives as possible. It is very important to document the damage prior to any emergency repairs or cover-up.

(5) If the damage is caused by a widespread event such as a hurricane or flood, an inspection team may not be able to inspect your damage for several days or even weeks and emergency repairs or cover-up may be necessary to avoid additional damage. When emergency repairs or temporary cover-up is done as a protective action for building security or to prevent further damage from the elements, photographic documentation of these temporary repairs must be provided to convey the full extent of the damage.

(6) Submit the following documentation to the Bureau of Property, Financial and Risk Services as soon as possible.

(a) For All Claims.

1. A completed Form DI4-854, Notice of Loss. for each location damaged or destroyed.

2. A completed Form DI4-855, Affidavit - Lightning Losses, for each loss due to lightning.

3. Copies of vendor invoices showing items purchased, the quantity, unit price and total price, identifying the applicable building number on each invoice. If materials and labor are included on the same invoice, a breakdown of these charges is necessary.

4. Copies of the purchase orders issued to pay these invoices, identifying the applicable building number on each.

5. Copies of the Comptroller's Payment Register or Voucher Schedule showing the actual amount of payment for each of these purchase orders.

6. An explanation of all damaged parts and their function.

7. A description of all damaged items, including number of units, original acquisition date and cost and condition of items prior to the loss.

8. Copies of the photographs or videotapes taken documenting the damage to the building and contents.

(b) For All Building Claims.

1. If repair work is bid, copies of all bid specifications, bid tabulation sheets and the bid sheet of the successful bidder. The successful bid must be itemized to show the amount of materials and the amount of labor.

2. A copy of the final repair invoice, including an actual breakdown of materials and labor, along with a copy of the purchase order and Comptroller's Payment Register or Voucher Schedule showing payment of this invoice.

3. If repairs include roofing repairs or replacement, the square footage of the roof and square footage of the portion of the roof repaired or replaced.

(c) For All Contents Claims.

1. A copy of a FLAIR property inventory for all items valued over \$1,000.

2. A copy of Form DI4-1391, Total Loss Contents – ACV Work Sheet, for items valued at less than \$1,000. This should include item description, number, original acquisition cost and date and condition of the item prior to loss. Also include all supplies which are covered in the claim.

3. Copies of all invoices, purchase orders and Comptroller's Payment Register or Voucher Schedule documenting the purchase of all items listed on the Form DI4-1391.

4. Copies of all invoices, purchase orders and Comptroller's Payment Register or Voucher Schedule documenting the purchase of replacement property and equipment. Reference must be made to the appropriate items on the FLAIR inventory and Form DI4-1391.

i. Claims Settlement.

(1) All fire and extended coverage losses will be adjusted on the basis of a flat-rate deductible. The deductible is \$2,500 per loss unless caused by flooding. The deductible for flood losses is \$500 per loss. The cost to upgrade construction materials or cost incurred to meet new building codes are not covered. All loss claims will be settled by the Bureau of Property, Finance and Risk Services on an expense reimbursement basis.

(2) Repairs made by department personnel will be reimbursed for the material cost only. However, department labor may be paid only if overtime is incurred due to repairs being made or if such repairs are not within the normal scope of the employee's duties. In this case, time sheets showing the hourly wage and reason for overtime and an explanation of the actual work performed must be provided.

(3) Should a building not be replaced or alternate space constructed, no payment will be made except to pay for demolition and cleanup from the loss. Should alternate space be constructed, it must house the functions originally housed in the destroyed building and be constructed in the local vicinity of the original structure.

(4) Claims will be settled as follows:

(a) Buildings. The amount of a claim to be paid, in most cases, will be determined by the relationship between the actual cash value at the time of the loss and the values actually insured at that location. The Fire Fund has an 80% insurance to value requirement.

EXAMPLE: The total value of contents at the insured location is \$100,000 and a loss in the amount of \$30,000 occurs while the values reported for coverage was \$60,000. The 80% insurance to value requirement requires that the insured agency have \$80,000 minimum coverage. In this case, the \$60,000 is only 75% of the required \$80,000 minimum coverage. Therefore, the Fire Fund would only pay 75% of the loss or \$22,500 and the department would have to pay the remaining \$7,500. Should a building be a total loss, it shall be inspected and the approximate actual cash value evaluated. If the

building is insured for less than the actual cash value, only the limit of insurance will be paid. If the building is insured for more than the actual cash value, only the actual cash value will be paid. Damage caused by flooding will be covered by the National Flood Insurance Program to a limit of \$70,000 for single family residences and \$200,000 for all other buildings.

(b) Contents. Contents must be reported as expense or OCO. If the total contents at the location of the loss are insured for 80% of their value:

1. Expense items no more than six months old will be adjusted on the basis of replacement cost. Items over six months old will adjusted on the basis of replacement cost less 25%.

2. OCO items will be adjusted on the basis of acquisition cost less depreciation. If the total contents at an insured location are insured for less than the required 80%, the final claim settlement will be reduced by the operation of the co-insurance clause. The amount payable on individual items is the smaller of the cost to repair or to replace with like kind or quality.

3. Contents damaged as a result of flooding will be covered by the National Flood Insurance Program to a limit of \$20,000 for single family residences and \$200,000 for all other buildings.

(5) Once all appropriate information is received, the Bureau of Property, Financial and Risk Services prepares a Claim Summary, listing all items eligible for payment. The Summary is reviewed and approved by the chief of the bureau. Once it has been approved, a Form DI4-856, Certificate of Proof of Loss, is prepared and forwarded by the bureau to the department along with a copy of the Claim Summary. The original and one copy must be signed by the property administrator and witnessed by the region General Services Manager, institution Business Manager, Information Technology Services' Office of Administrative Services (ISAS) office director, or Office of General Services staff director and returned to the Bureau of Property, Financial and Risk Services. Once the executed Certificate has been received, the bureau will proceed to transfer the appropriate funds to the department's Replacement Trust Fund account and send notification to the department. When received, the funds must be transferred by DCF staff from the Replacement Trust Fund into the appropriate operations account. All unspent funds revert to General Revenue at the end of the fiscal year.

j. Florida Fire Insurance Trust Fund Forms. The following forms must be used for handling building and property insurance coverage and losses. All of these forms are available in DCF Forms:

(1) Building Valuation Worksheet. Must be completed by listing each state owned building and then recording the information in each column used to calculate the insured value.

(2) Coverage Request Form (Form DI4-850). Must be completed as applicable and is used to assign the insurance rating codes to the insured property. The form may be submitted in duplicate so that one copy can be validated and returned for DCF records.

(3) Replacement Value Computation – Building Contents (Form DI4-851). Must be completed on each location where content values are reported for coverage.

(4) Notice of Property Loss (Form DI4-854). Must be received by the Bureau of Property, Financial and Risk Services within 90 days from the date of loss. This information will be used to set up a file on your loss.

(5) Total Loss Contents – ACV Work Sheet (Form DI4-1391). Used to compute the settlement cash value of destroyed contents.

(6) Certificate of Proof of Loss (Form DI4-856). Used as the primary back-up document to the State Comptroller's Office when vouchering a loss for payment. After the amount to be paid is agreed to and the bureau completes the coverage and loss information, an original and two copies are sent to the claim coordinator. The original and one copy must be signed by the property administrator and witnessed by the region General Services Manager, institution Business Manager, ISAS office director, or Office of General Services staff director and returned to the Bureau of Property, Financial and Risk Services. The other copy is for the property administrator's file.

(7) Affidavit – Lightning Losses (Form DI4-855). Must be completed and signed by the repairman or electrician for each lightning claim filed for insurance recovery, and must accompany copies of invoices for lightning damage.

(8) Temporary Structure Valuation Worksheet. Must be completed by listing each temporary structure and then recording the information in each column used to calculate the insured value.

16. Miscellaneous Property.

a. The state maintains insurance to cover some types of tangible personal property not covered by any of the other property insurance policies. This Miscellaneous Property insurance (also called Inland Marine coverage) covers certain museum collections, fine arts and theatrical equipment owned by the state and equipment leased by state agencies. The coverage is for loss or damage due to fire, natural disaster, explosion, riot, civil commotion, vandalism and malicious mischief and collision both of the covered property and any vehicle transporting it. The policy does not cover loss or damage due to government action, nuclear hazard, war and military action or certified acts of terrorism.

b. Miscellaneous Property Insurance only covers that leased equipment designated by state agencies. Agencies may include or remove items from the coverage by reporting these changes to DMS on a quarterly basis. Miscellaneous Property reporting for DCF is handled by the Office of General Operations (ASGO). Those who have leased equipment they wish to be covered by this insurance need to contact ASGO, who will include it in the next quarterly report.

Florida Fire Insurance Trust Fund Building Replacement Cost Values

All departmental buildings are to be valued for insurance purposes at actual cash value. Actual cash value for this purpose is defined as replacement cost including the cost of architectural and engineering fees, less the cost of depreciation.

The actual cash value concept is to be utilized for insurance purposes only and should not be entered as the acquisition cost on the property record.

Permanent Structures. The Building Valuation Worksheet form (available in DCF Forms) must be completed with all information used in calculating building values. The completed form must be submitted to the Bureau of Property, Financial and Risk Services by their established deadline each year. Listed below are the steps that should be taken when calculating the value and completing the form:

- (A) Enter the building number.
- (B) Enter the building name.
- (C) Enter the effective age of the building.
- (D) Enter the appropriate Cost per square foot factor "A" (listed on page two of the form).
- (E) Enter the total square footage "B".
- (F) Calculate the replacement cost and enter the amount.
 - (1) Multiply the Cost per square foot factor "A" by the total square footage "B".
(EXAMPLE: "A" is 90, "B" is 95,208. Therefore, $90 \times 95,208 = 8,568,720$.)
- (G) Enter the depreciation factor "C" (listed on page two of the form).
- (H) Enter Condition factor "D".
- (J) Calculate the actual cash value and enter the amount.
 - (1) Multiply the replacement cost by depreciation factor "C" by condition factor "D".
(EXAMPLE: Replacement cost is 8,568,720, "C" is 0.60, "D" is 0.85. Therefore, $8,568,720 \times 0.60 \times 0.85 = \$4,370,047$.)

Temporary Structures. For all structures on the following list, the Temporary Structure Valuation Worksheet must be completed with all information used in calculating values.

Mobile Homes	Light Framed Shelters	Scoreboards	Grain Bins
Portable Classrooms	Light Framed Greenhouses	Silos	Grease Racks
Portable Offices	Towers – (Communication)	Truck Washes	Trash Compactors
Sheds	Tanks – (Gas, Oil, Water)	Doghouses	Gas Pumps
Satellite Dishes	Electrical Transformers	Tents	Saw Mills
Pumping Stations	Freezers	Bleachers	Incinerators
Generators	Paddocks	Dugouts	Scales

The completed form must be submitted to the Bureau of Property, Financial and Risk Services by their established deadline each year. Listed below are the steps that should be taken when calculating the value and completing the form:

- (A) Enter the structure number.
- (B) Enter the structure name.

- (C) Enter the structure's acquisition cost
 - (D) Enter the age of the structure
 - (E) Enter the percent depreciation from the table at the bottom of the form.
 - (F) Calculate the actual cash value and enter the amount.
 - (1) Multiply the acquisition cost by the percent depreciation.
- EXAMPLE: Acquisition cost is \$47,818; percent depreciation is 0.4.
Therefore $47,818 \times 0.4 = 19,127$.