

2016 PROPERTY WORKSHOP



Hermitage Centre
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STAFF CONTACT LIST

*Department of Financial Services
Division of Risk Management
Bureau of State Liability & Property Claims
200 East Gaines Street, Tallahassee, FL 32399-0337*

Marc Stemle, Chief of Liability & Property Claims
Marc.Stemle@myfloridacfo.com / 850.413.4850

Paula Smith, Government Analyst I (Premiums)
Paula.Smith@myfloridacfo.com / 850-413-4779

Andrew Harris, Data Management (Origami Liaison)
Andrew.Harris@myfloridacfo.com / 850-413-4834

Wade Short, Operations Review Specialist (Lead Adjuster)
Wade.Short@myfloridacfo.com / 850.413.4876

Monique Melett, Insurance Analyst I (Property Scheduling)
Lashundra.Melett@myfloridacfo.com / 850.413.4768

April Burgess, Program Specialist (Adjuster)
April.Burgess@myfloridacfo.com / 850.413.4865



AGENDA

- I. *Risk Management Authority*
- II. *Property Premium Calculation*
- III. *Duties & Responsibilities of a Property Coordinator*
- IV. *Facts & Figures*
- V. *The Three DRM Coverage Forms*
- VI. *Adding & Maintaining Coverage*
- VII. *Property Schedule Guidelines*
- VIII. *The Claims Process*
- IX. *Tips on Taking, Storing, and Forwarding Damage Photos*
- X. *Q & A Session*

PLEASE COMPLETE THE EVALUATION SHEET BEFORE YOU LEAVE!

PART I: RISK MANAGEMENT AUTHORITY



RISK MANAGEMENT AUTHORITY

DRM's management of the fund is governed by six sources:

- 1) Fla. Statute Chapter 284, Part I: "*State Property Claims*"
- 2) Fla. Administrative Code, Chapter 69H
- 3) DRM policies & procedures
- 4) *The Property Manual* (the substance of this presentation)
- 5) The three DRM coverage certificates: *Property, Flood, & Rental Value*
- 6) Custom, pattern & practice

RISK MANAGEMENT AUTHORITY

- **The Division of Risk Management (DRM) is tasked by F.S. 284 with:**
 - 1) Self-insuring state-owned buildings and contents through the State Risk Management Trust Fund (the “*Fund*”)
 - 2) Charging state agencies an annual premium
 - 3) Investigating, evaluating, negotiating, and settling agency property claims
 - No. 3 is performed by in-house staff; with occasional assistance from contracted adjusters and various experts.

RISK MANAGEMENT AUTHORITY

- F.S. 284.01: Coverages & exclusions
- F.S. 284.02: Premiums charged to agencies
- F.S. 284.03: In the event Trust Fund is underfunded, deficits will be covered from General Revenue Fund
- F.S. 284.04: Requirement that agencies notify DFS of all newly erected or acquired property subject to insurance

RISK MANAGEMENT AUTHORITY

- **F.S. 284.05: Inspection by DFS of all permanent buildings**
 - [In contrast, the statute is silent on so-called “Temporary Structures”]
- **F.S. 284.06: Annual report to Governor**
- **F.S. 284.08: Reinsurance**
- **F.S. 284.14: Leasehold interest (see next slide)**

RISK MANAGEMENT AUTHORITY

A Special Note Regarding Leases:

F.S. 284.14:

“No state agency shall enter into or acquire any such leasehold interest until the coverage required to be maintained by the provisions of the lease are approved in writing by the Department of Financial Services”

- Note that this only applies to a leasehold interest acquired by a state agency; and not to any agency-owned property leased to a third-party (e.g., dorm rooms at a state university)

RISK MANAGEMENT AUTHORITY

A Special Note Regarding Leases (Cont.):

Instructions:

- Allowing at least **seven days** before it requires approval, please email a specimen copy of the proposed lease to attention of the DRM Lead Adjuster.
- When doing so, please note the page number(s) where the coverage and indemnity provisions can be found.

RISK MANAGEMENT AUTHORITY

A Special Note Regarding Leases (Cont.):

Two lease provisions that are never acceptable:

- 1) It names the lessee as the “State of Florida”; and not the involved agency.
- 2) It requires coverage that conflicts with one or more of the three DRM *Certificates*. (e.g., it requires coverage at all-risk, replacement cost, etc)

Should the proposed lease have either or both of these unacceptable provisions, DRM instructs the involved agency to implement one of two options:

- 1) Negotiate changing the offending provision(s);
and should that fail
- 2) Lease another facility

RISK MANAGEMENT AUTHORITY

A Special Note Regarding Leases (Cont.):

Two lease provisions that are *undesirable*, and should therefore be avoided whenever possible:

- 1) It requires the agency to indemnify a third-party (usually the lessor).
- 2) It requires the agency to add a third-party as an additional insured (usually the lessor).

DRM will decide these situations on a case-by-case basis. One possible alternative is to require the agency to purchase private property insurance (usually brokered by DMS); insurance that is at least equal in scope of coverage to DRM's *Certificate of Property Coverage*.

RISK MANAGEMENT AUTHORITY

A Special Note Regarding Private Gap Insurance:

- As detailed later in this manual, the Fund's three coverage certificates have many exclusions and limitations (so-called '*coverage gaps*'). Sometimes these gaps can be overcome (i.e., '*filled*') via your agency's purchase of a private commercial insurance policy.
- Universities have the option of purchasing gap coverage directly on the private market.
- All other agencies *must* purchase these private policies through DMS

RISK MANAGEMENT AUTHORITY

A Special Note Regarding Private Gap Insurance (cont):

- During the last fiscal year DMS collected **\$16,837,210** in premiums for their various gap coverages
- DMS contact for purchasing private insurance:

Jill Soderberg, MBA, FCCM

Associate Category Manager

Florida Department of Management Services

Division of State Purchasing

4050 Esplanade Way, Tallahassee, Florida 32399

(850) 488-7996

Jill.Soderberg@dms.MyFlorida.com

RISK MANAGEMENT AUTHORITY

A Special Note Regarding Private Gap Insurance (cont):

Here are some of the gap policies currently available through DMS:

| Policy Name | Commodity Code | Policy/Contract No. | Coverage Notes |
|--|----------------|--------------------------|--|
| Aviation Hull and Liability | 84131500 | AV004794077-21 | Hull and Liability coverage on 52 state agency aircraft for DOACS, FWC, DHSMV, DLE and FDOT. |
| Automobile Comprehensive & Collision | 84131503 | 14-84131503-1 | Comprehensive and Collision coverage of 165 vehicles. |
| Equipment Breakdown Insurance - Boiler & Machinery | 84131500 | BAJ-BME1-3C042148-TIL-13 | Equipment breakdown coverage for over \$12.6B of property at 31 state agencies & universities. Includes spoilage coverage for \$8.6M of DOH pharmaceuticals. |
| Crime | 84131514 | CCP006638804 | Covers 49 Named Insured's from employee and third party theft at over 440 locations statewide. |

RISK MANAGEMENT AUTHORITY

A Special Note Regarding Private Gap Insurance (cont.):

| Policy Name | Commodity Code | Policy/Contract No. | Coverage Notes |
|--|----------------------|---------------------|---|
| Electronic Data Processing Equipment | 84131512 | 6696877 | Insures over \$258M of owned and leased electronic data processing and Scientific and medical equipment for 36 Named Insureds. |
| Bridge, Property and Business Interruption | 84131507 84131603 | 18-477-860-J | Florida Department of Transportation. There are currently 949 bridges in the program. This program coverage a totaled insured value of over \$5.6B. |
| Indoor and Outdoor Fine Art | 84131500 | SF0124814 | Insures \$17.4M of indoor and nearly \$3.5M of outdoor art for 16 Named Insured. |

RISK MANAGEMENT AUTHORITY

A Special Note Regarding Private Gap Insurance (cont.):

| Policy Name | Commodity Code | Policy/Contract No. | Coverage Notes |
|------------------------|----------------------|--------------------------------|---|
| Contractors Equipment | 84131500 | 9D916011 | Provides coverage for approximately \$16M of mobile machinery, mobile equipment, construction vehicles and heavy machinery used annually by 21 Named Insured. |
| Miscellaneous Property | 84131500 | UM00030629M A14A | ~\$13.8M of miscellaneous items like theatrical equipment and other unique items not eligible for RCV & All-Risk coverage through DRM's Self Insured Fund. |
| Ocean Marine & Cargo | 84131504 84131505 | OMH 583-30-46 OMC 383-90-71 | Insures 47 vessels, for hull and/or crew coverage for 1 state agency and 6 universities |

PART II: PROPERTY PREMIUM CALCULATION



Prepared by DRM - Bureau of Risk Financing

Overview

- ▣ Risk Management establishes the future year's funding needs for the property program, which is approved by the Risk Management's Revenue Estimating Conference (REC) in a 2-phase process:
 - First estimate is presented by Risk Management to the Fall REC, based on the actuary's report. The approved amount is used to issue projected premiums to each agency so they can prepare their agency's Legislative Budget Request (LBR) .
 - At the Spring REC the final fiscal year's total state premium is approved. This is the amount used in the final premium assessments.
- ▣ Premiums are assessed in a retrospective manner and are based on exposure to loss and actual loss history (experience)

Overview (cont.)

- ❑ Premiums are calculated based on the information submitted by the agencies for each individual building
- ❑ May 15th is the deadline for property updates
- ❑ Every time there is a property update, a property coverage schedule is issued and sent to the agency. The agency must review the schedule to verify the accuracy of the information entered into Origami.
- ❑ June 1st Origami is locked down
- ❑ June 15th – June 25th premium reports are run and final premiums are calculated
- ❑ July 1st annual property premiums invoices are sent to state agencies, along with building breakdowns.
- ❑ Agencies are required to pay premium invoices upon receipt

Premium Calculation

Statewide Property Premium Allocation:

EXPOSURE AMOUNT: 95%

EXPERIENCE AMOUNT: 5%

Premium Calculation

1. Exposure Amount (95% Factor)

- Represents the potential for loss due to the property's value
- It is derived from the base premium for each insured location, which is calculated based on information reported during the fiscal year by the agency regarding insured values and fire and extended coverage rates.

Premium Calculation

1. Exposure Amount (cont.)

- Base Premium by Building -

Base premium is calculated for each individual building, according to:

- **Total Insured Values (TIV):**
Building Value + Contents Value + Rental Value
- **Individual fire rates and extended coverage rates based on construction, occupancy and location:**
Building Fire Rate
Contents Fire Rate
Extended Coverage (EC) Rate

The sum of all buildings' base premium is the statewide base premium (SBP)

Premium Calculation

2. Experience Amount (5% Factor)

- The experience portion of the premium is based on a five year loss history for each particular building (claims payments experience)
- The sum of all buildings' losses for the 5-year period is the statewide experience
- The statewide experience premium amount is 5% of the total property premium.

Premium Calculation

EXAMPLE:

FY 14-15 Statewide Total Fund Premium
(\$12,195,647)

EXPOSURE AMOUNT: 95%
(\$11,585,865)

EXPERIENCE AMOUNT: 5%
(\$609,782)

Premium Calculation

EXAMPLE:

1. Exposure Amount

Base Premium Formula

| | |
|---|----------------------|
| A: Building Value | \$ 12,000,000 |
| B: Contents Value | \$ 42,000,000 |
| C: Rental Value | \$ 0 |
| D: Building Fire Rate | 0.40 |
| E: EC Rate | 0.22 |
| F: Contents Fire Rate | 0.40 |
| G: Base Premium for Individual Bldg. | \$259,200 |

$$G = \left(\frac{(A + C) * ((D * 0.65) + E)}{100} \right) + \left(B * \frac{(F * 0.65) + E}{100} \right)$$

Premium Calculation

EXAMPLE (cont.):

1. Exposure Amount - Base Premium

$$\text{BPB1} + \text{BPB2} + \text{BPB3} \dots = \text{CBP}$$

- Sum of all individual building base premiums under a certificate # = Certificate Base Premium (CBP)

$$\text{CBP1} + \text{CBP2} + \text{CBP3} \dots = \text{ABP}$$

- Sum of all individual certificate base premiums under one agency = Agency Base Premium (ABP)

$$\text{ABP1} + \text{ABP2} + \text{ABP3} \dots = \text{SBP}$$

- The sum of all individual agency base premiums = Statewide Base Premium (SBP)
- For FY 14-15, SBP = \$88,836,519

Premium Calculation

EXAMPLE (cont.):

1. Exposure Amount by Agency

Total FY 14-15 statewide premium: \$12,195,647

Statewide exposure portion of premium (95%):

$\$12,195,647 \times 95\% = \$11,585,865$

Statewide base premium amount: \$88,836,519

DOC base premium amount: \$15,225,503

DOC exposure portion of premium:

* $(\$15,225,503 \div \$88,836,519) \times \$11,585,865$ or

* $17.14\% \times \$11,585,865 = \$1,985,677$

Premium Calculation

EXAMPLE:

2. Experience Amount

Total FY 14-15 Statewide Premium: \$12,195,647

Statewide experience portion of premium (5%):

$$\$12,195,647 \times 5\% = \$609,782$$

Statewide 5-Yr. loss experience (7/1/08 – 6/30/13):

$$\$2,580,224$$

DOC 5-Y loss experience: \$252,364

DOC experience portion of premium:

$$* (\$252,364 \div \$2,580,224) \times \$609,782 \text{ or}$$

$$* 9.78\% \times \$609,782 = \$59,641$$

Premium Calculation

EXAMPLE:

Total Premium

| | |
|--------------------------------|--------------------|
| DOC Exposure Portion: | \$1,985,677 |
| DOC Experience Portion: | \$59,641 |
| DOC Total Premium: | \$2,045,318 |

Premium Calculation

Total DOC Premium

| | | | | | | | |
|-------------------------------|---|---|---|---|----|------------------------|--------|
| A | Total Statewide Premium | | | | \$ | 12,195,647 | |
| B | Exposure Factor | | | | | 95% | |
| C | Statewide Exposure Portion of Premium (A*B=C) | | | | \$ | 11,585,865 | |
| D | Experience Factor | | | | | 5% | |
| E | Statewide Experience Portion of Premium (A*D=E) | | | | \$ | 609,782 | |
| EXPOSURE PORTION OF PREMIUM | | | | | | | |
| F | Statewide Base Premium | | | | \$ | 88,836,519 | |
| G | Individual Agency Base Premium | | | | \$ | 15,225,503 | 17.14% |
| H | Individual Agency Exposure Portion of Premium | | | | \$ | 1,985,677 | |
| | $\left(\frac{G}{F} \right)$ | x | C | = | H | | |
| | | | | | | \$ 1,985,676.82 | |
| EXPERIENCE PORTION OF PREMIUM | | | | | | | |
| I | Statewide 5yr Loss Experience | | | | \$ | 2,580,224 | |
| J | Individual Agency 5yr Loss Experience | | | | \$ | 252,364 | 9.78% |
| K | Individual Agency Experience Portion of Premium | | | | \$ | 59,641 | |
| | $\left(\frac{J}{I} \right)$ | x | E | = | K | | |
| | | | | | | \$ 59,641 | |
| L | Total Individual Agency Property Premium | | | | \$ | 2,045,318 | |
| | H | + | K | = | L | | |
| | | | | | | \$ 2,045,318 | |

Conclusions

- ▣ Premiums are affected by:
 - Funding levels
 - Exposure (Total Insured Values & Rates)
 - Experience (Claim Payments)
- ▣ Exposure & funding have the greatest impact on premiums
- ▣ **Agencies are responsible for the accuracy of information entered in Origami.**
- ▣ Premiums cannot be recalculated for just one building/agency. Any recalculation affects premiums for the entire state.



Property Premium Financial Contact

- Jeffrey W. Cagle , Financial Administrator
- Phone: (850) 413-4835
- Email: Jeffrey.Cagle@myfloridacfo.com

**PART III: DUTIES &
RESPONSIBILITIES
OF A
PROPERTY
COORDINATOR**



BASIC DUTIES & RESPONSIBILITIES OF A PROPERTY COORDINATOR

The two main areas of responsibility:

A. **Property Scheduling** (three parts)

B. **Claims** (seven parts)

BASIC DUTIES & RESPONSIBILITIES OF A PROPERTY COORDINATOR

A. Property Scheduling:

- 1) **Obtain Coverage** (i.e., submit a *Coverage Request* for all eligible, newly added property)
- 2) **Maintain Coverage** (i.e., submit yearly updated *Property Schedule* by May 15th)
- 3) **Property Valuation** (i.e., as part of 1 & 2, maintain accurate insured values on all scheduled buildings and contents)

[Note: All three duties are detailed within Section VI: 'Adding & Maintaining Coverage']

BASIC DUTIES & RESPONSIBILITIES OF A PROPERTY COORDINATOR

B. Claims:

- 1) **Mitigate the loss** (i.e., protect property from further damage)
- 2) **Preserve evidence of the loss** (i.e., protect and maintain DRM's subrogation & salvage rights)

[Note: All seven duties are detailed within Section VIII: 'The Claims Process']

BASIC DUTIES & RESPONSIBILITIES OF A PROPERTY COORDINATOR

B. Claims (cont.):

- 3) Submit timely *Notice of Property Loss* on all losses; plus report any fires to the State Fire Marshall
- 4) Provide evidentiary proof of your claim (e.g., photos, affidavits, estimates, etc.)

BASIC DUTIES & RESPONSIBILITIES OF A PROPERTY COORDINATOR

B. Claims (cont.):

- 5) Fully cooperate with DRM, and if involved, its adjusting vendor (i.e., York Risk), plus any experts (e.g., electrical engineer, arson investigator, etc)
- 6) Review the closing documents provided by DRM, then either return a signed *Proof of Loss* or advise us of any dispute(s)

BASIC DUTIES & RESPONSIBILITIES OF A PROPERTY COORDINATOR

B. Claims (cont.):

- 7) Hire, supervise, and pay your repair contractors (or direct others to do so, such as a facilities or purchasing manager)

PART IV: FACTS & FIGURES *



* All data is as of 02/09/2016

FACTS & FIGURES

Number of Insured Locations (by coverage type):

| | |
|---------------|--------|
| Buildings | 16,660 |
| Contents | 14,432 |
| Loss of Rents | 352 |

Individual locations 20,232 *

* A given location can simultaneously incorporate coverage for building, contents, and/or rental income

FACTS & FIGURES

Excess Insurance:

- Our excess coverage is bid out yearly by our broker of record (currently PRIA). This consists of a number of private insurers (which, collectively, constitute the so-called '*coverage quilt*').
- These insurers currently provide up to \$200,000,000 in coverage, with the largest coverage block with Lexington

FACTS & FIGURES

Excess Insurance:

-The Fund's current SIR (Self Insured Retention) is:

- \$2 million per occurrence for Named Wind & Flood
- \$40 million annual aggregate for Named Wind & Flood
- \$2 million per occurrence for AOP (All Other Perils)

- 1992/1993 (Hurricane Andrew) was the last fiscal year when we had a qualifying excess claim that involved Named Wind & Flood. The SIR then was much lower than it is today.

FACTS & FIGURES

Top 10 Properties by Building Coverage

| | <u>Location Name</u> | <u>Agency</u> | <u>Coverage</u> |
|----|---|---------------|-----------------|
| 1 | UNIVERSITY CENTER - TALLAHASSEE | FSU | \$152,175,720 |
| 2 | SHANDS TEACHING HOSPITAL - GAINESVILLE | UF | \$148,350,044 |
| 3 | PATIENT SERVICES - SHANDS - GAINESVILLE | UF | \$144,415,143 |
| 4 | PRISON - MAXIMUM - STARKE | DOC | \$119,750,400 |
| 5 | STADIUM SUPPORT FAC - BOCA RATON | FAU | \$91,011,770 |
| 6 | PROTON THERAPY FACILITY - JACKSONVILLE | UF | \$84,560,355 |
| 7 | STADIUM-GRIFFIN-FLA FIELD - GAINESVILLE | UF | \$82,311,540 |
| 8 | MARSHALL STUDENT CENTER - MSC - TAMPA | USF | \$78,633,100 |
| 9 | CANCER & GENETICS RES CTR - GAINESVILLE | UF | \$78,296,625 |
| 10 | BURNETT BIO - MEDICAL - ORLANDO | UCF | \$74,726,860 |

FACTS & FIGURES

Top 10 Properties by Contents Coverage

| | <u>Location Name</u> | <u>Agency</u> | <u>Coverage</u> |
|----|--|---------------|-----------------|
| 1 | LIBRARY - STROZIER - TALLAHASSEE | FSU | \$221,804,436 |
| 2 | LIBRARY - JOHN C PACE - PENSACOLA | UWF | \$207,846,586 |
| 3 | LIBRARY W - GAINESVILLE | UF | \$76,400,053 |
| 4 | JOHN C. HITT LIBRARY - ORLANDO | UCF | \$70,494,700 |
| 5 | LIBRARY - COLEMAN - TALLAHASSEE | FAMU | \$65,000,000 |
| 6 | MAG LAB OMPD (UTILITIES) – TALLAHASSEE | FSU | \$64,039,200 |
| 7 | LIBRARY - THOMAS CARPENTER -JACKSONVILLE | UNF | \$63,634,703 |
| 8 | LIBRARY-DIRAC (PAUL A.M.) - TALLAHASSEE | FSU | \$63,523,013 |
| 9 | STEVEN & DORORHEA GREEN LIBRARY | FIU | \$61,925,978 |
| 10 | LIBRARY -MARSTON SCIENCE - GAINESVILLE | UF | \$59,846,705 |

FACTS & FIGURES

Top 10 Paid Property Losses (over the last 10 years)

| | <u>Location</u> | <u>Agency</u> | <u>Loss Date</u> | <u>Paid total</u> | <u>Claim Desc.</u> |
|----|--|---------------|------------------|-------------------|--------------------|
| 1 | HEADQUARTERS-TURKEY LK SVC PLAZA-ORLANDO | DOT | <u>4/10/2015</u> | \$678,461.50 | Fire |
| 2 | ENGINEERING CENTER – MIAMI | FIU | 10/24/2005 | \$493,694.44 | Hurricane Wilma |
| 3 | MAINTENANCE & OFFICES - BELLE GLADE | DOC | 10/24/2005 | \$389,660.00 | Hurricane Wilma |
| 4 | MEDICAL SERVICES UNIT – CHATTAHOOCHEE | DCF | 3/30/2006 | \$354,295.53 | Fire |
| 5 | PACKING HOUSE - UNIT 7 – IMMOKALEE | FDACS | 10/24/2005 | \$351,696.00 | Hurricane Wilma |
| 6 | ARENA - BOCA RATON | FAU | 10/24/2005 | \$325,321.41 | Hurricane Wilma |
| 7 | BATHHOUSE - NAVARRE BEACH SP | DEP | 7/10/2005 | \$321,600.00 | Hurricane Dennis |
| 8 | OFFICE-DIV OF BLIND SERVICES – TAMPA | DOE | <u>8/3/2015</u> | \$282,739.38 | Flood |
| 9 | FHP – DAVIE | HSMV | 10/24/2005 | \$231,955.77 | Hurricane Wilma |
| 10 | SCIENCE BUILDING - BOCA RATON | FAU | 10/24/2005 | \$210,668.13 | Hurricane Wilma |

Note: There are four currently pending claims that will make this list, once paid; including one for around \$1,200,000 and another for about \$700,000

FACTS & FIGURES

The largest paid loss of **all time**, at any single scheduled location:

- Date of Loss: 12/06/1987
- Pay Out: **\$4,557,378** (about \$11 Million in 2016 dollars)
- Location: Johnson Hall , University of Florida
- Cause of Loss: Cafeteria Kitchen Grease Fire

The largest cumulative \$ losses paid within a single year:

- Year: 1992/1993 (year of Hurricane Andrew)
- Paid losses: **\$17,834,280** (about \$31 Million in 2016 dollars)

The largest number of claims within a single year:

- Year: 2005/2006 (year of Hurricanes Ivan, Charley, & Wilma)
- Number of Claims: 3,264

PART V: THE THREE DRM COVERAGE FORMS



DRM's THREE COVERAGE FORMS:

- 1) **Certificate of Property Coverage (DFS-DO-852)**
- 2) **The National Flood Insurance Program's *'General Property Form'***
- 3) **Certificate of Rental Value (DFS-DO-85)**

Copies of all three are available on DRM's Property Webpage:

<http://www.myfloridacfo.com/Division/Risk/Property/Default.htm#.VAdfiPk9IpS>



“Is the loss covered?”

- The initial answer is usually, “*It depends*”.
- Each claim stands on its own merit.
- Determining this is the **sole** responsibility of DRM (though with possible assistance from York Risk and our Broker of Record).
- In determining whether or not a given loss is covered, the *entire* involved certificate is considered (i.e., DRM makes no assumptions):
 - For example, for a certain loss, coverage can be excluded at the front of the certificate, then added back later on! [And vice versa]
 - The last pertinent passage in the certificate is therefore the most binding.

“Is the loss covered?”



Every claim requires at least *some* level of investigation; in order to determine:

- *When did it happen?*
- *Where did it happen?*
- *How did it happen?*
- *Did it involve covered property?*
- *Did it involve a covered cause of loss ?*
- *Are there any coverage exclusions?*
- *Are there any coverage limitations?*
- *Were there any violations of coverage conditions?*

CERTIFICATE OF **PROPERTY** COVERAGE

Important differences between DRM's *Certificate of Property Coverage* and the typical private-market property policy:

- ❖ Coverage is at named peril (not all-risk)
 - **Thus, many commonly covered losses, like water damage, theft, and vandalism, are excluded under our Certificate**
- ❖ Claims are paid at Actual Cash Value (not replacement cost)
 - **Thus, we deduct unrecoverable depreciation whenever there is a betterment**
- ❖ There is no automatic (or blanket) coverage for appurtenant structures
 - **Thus, if agencies desire coverage for these items (e.g., outbuildings, canopies, towers, large generators, etc), then they must schedule them individually**

CERTIFICATE OF **PROPERTY** COVERAGE

Important differences between DRM's Certificate of Property Coverage and the typical private-market property policy (cont.):

- ❖ There is no dispute resolution clause
 - **Though in the rare case of an un-resolvable dispute it will be arbitrated by DMS**

- ❖ There is no coinsurance penalty
 - **Agencies determine their own coverage values; values which DRM has no means to verify**

CERTIFICATE OF **PROPERTY** COVERAGE

An in-depth look at key
sections of the *Certificate of
Property Coverage*

CERTIFICATE OF **PROPERTY** COVERAGE

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

Notes:

1. We will pay only for property that sustained a direct physical loss (i.e., we pay for what was damaged; we do not for what was not damaged)
2. "Declarations" means the agency's location schedule

CERTIFICATE OF **PROPERTY** COVERAGE

1. *Covered Property:*

Covered Property means the following types of property for which a Limit of Insurance is shown in the Declarations:

- a. Building **
- b. Your Business Personal Property [aka Contents]*

* Note: As is detailed in later sections of this manual, DRM insures two types of real property (aka structures):

- 1. Permanent Buildings
- 2. Temporary Structures

CERTIFICATE OF **PROPERTY** COVERAGE

a. Building, meaning the building or structure described in the Declarations, including:

1) Completed additions;

2) Permanently installed:

(a) Fixtures;

(b) Machinery; and

(c) Equipment;

CERTIFICATE OF **PROPERTY** COVERAGE

3) *Personal property owned by you that is used to maintain or service the building or structure or its premises, including:*

(a) Fire extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

CERTIFICATE OF **PROPERTY** COVERAGE

4) *If not covered by other insurance:*

(a) Additions, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

[Note: This applies to state-owned property, only.]

CERTIFICATE OF **PROPERTY** COVERAGE

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:

- 1) Furniture and fixtures;*
- 2) Machinery and equipment;*
- 3) "Stock";*
- 4) All other personal property owned by you and used in your agency;*

CERTIFICATE OF **PROPERTY** COVERAGE

5) *Your improvements and betterments as a tenant. Improvements and betterments are fixtures, alterations, installations or additions:*

(a) Made a part of the building or structure you occupy but do not own; and

(b) You acquired or made at your expense but cannot legally remove.

[Thus agencies that lease property can cover the above items under their contents coverage.]

PROPERTY NOT COVERED

The property items illustrated within the section that follows deals with “*Property Not Covered*” .

And because these items are not covered they should therefore be excluded from any building or contents valuation.

In other words, why waste your agency’s premium dollars by including items within your valuations that have no chance of being covered?

PROPERTY NOT COVERED

ANIMALS

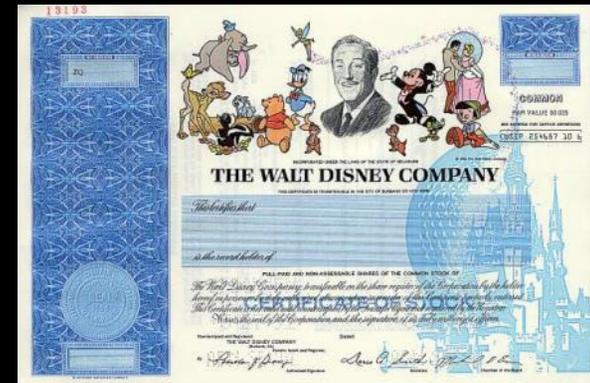
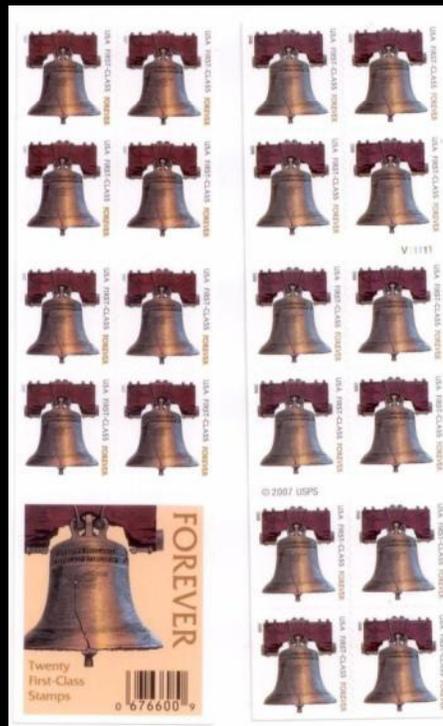


(Lab Animals)



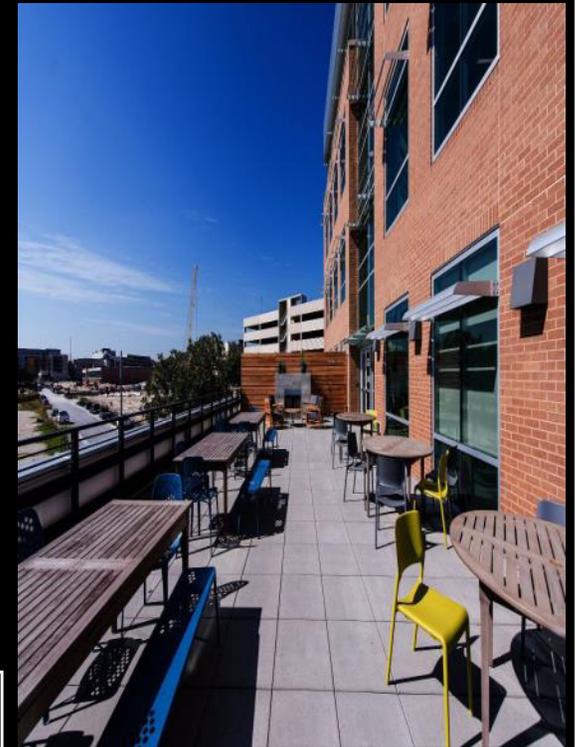
PROPERTY NOT COVERED

ACCOUNTS, BILLS, CURRENCY, DEEDS, FOOD STAMPS OR OTHER EVIDENCES OF DEBT, MONEY, NOTES OR SECURITIES; LOTTERY TICKETS HELD FOR SALE ARE NOT SECURITIES



PROPERTY NOT COVERED

BRIDGES, ROADWAYS, WALKS, PATIOS, & OTHER PAVED SURFACES



This does **not** apply to the structure of parking garages, just their paved surfaces (e.g., asphalt, concrete)

PROPERTY NOT COVERED

COST OF EXCAVATIONS, GRADING, BACKFILLING, OR FILLING



PROPERTY NOT COVERED

***FOUNDATIONS OF BUILDINGS, STRUCTURES, MACHINERY,
OR BOILERS***

*(If their foundations are below the lowest
basement floor or ground level)*



[Note: However, if the building sits only on a raised slab, then the slab is covered property

PROPERTY NOT COVERED

*UNDERGROUND PIPES, FLUES, DRAINS, OR ELECTRICAL
AND COMMUNICATION WIRING*



PROPERTY NOT COVERED

*LAND (including land on which the property is located), WATER,
GROWING CROPS, LAWNS, AND PLANTS
- & -
GRAIN, HAY, STRAW OR OTHER CROPS*



PROPERTY NOT COVERED

BUSINESS PERSONAL PROPERTY WHILE AIRBORNE OR WATERBORNE



[Note: There are major coverage exclusions and limitations for personal property while it is away from the described premises at the time of the loss

PROPERTY NOT COVERED

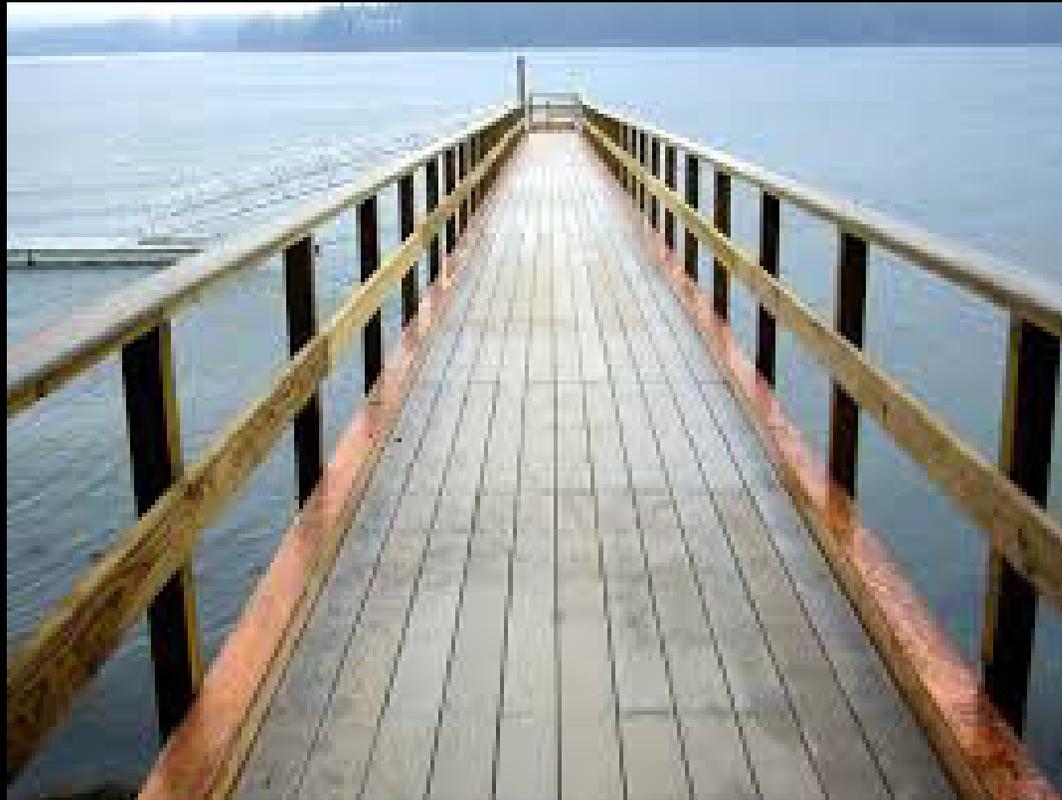
PERSONAL PROPERTY NOT OWNED BY THE STATE OF FLORIDA



[Note: This includes the personal property of state employees.]

PROPERTY NOT COVERED

PILINGS, PIERS, WHARVES OR DOCKS



PROPERTY NOT COVERED

RETAINING WALLS, THAT ARE NOT PART OF A BUILDING (i.e. not attached)



Not Attached (i.e.,
not part of a building)



Attached (i.e., part of
a building)

PROPERTY NOT COVERED

THE COST TO RESEARCH, REPLACE OR RESTORE THE INFORMATION ON VALUABLE PAPERS AND RECORDS, INCLUDING THOSE WHICH EXIST ON ELECTRONIC OR MAGNETIC MEDIA *



* Electronic data is never covered, no matter the cause of loss; though the hardware that stores that data *might* be

Solution: Purchase a privately insured 'EDP Policy' through DMS.

PROPERTY NOT COVERED

VEHICLES OR SELF-PROPELLED MACHINES (INCLUDING AIRCRAFT OR WATERCRAFT) THAT:

1) Are licensed for use on public roads;

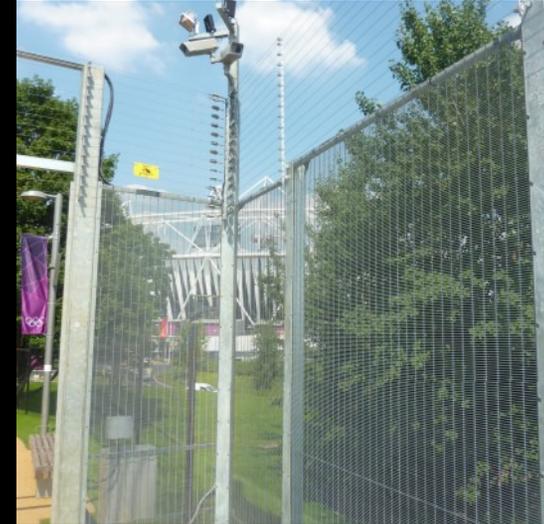
- OR -

2) Are operated principally away from the described premises



PROPERTY NOT COVERED

FENCES, INCLUDING ATTACHED DEVICES *

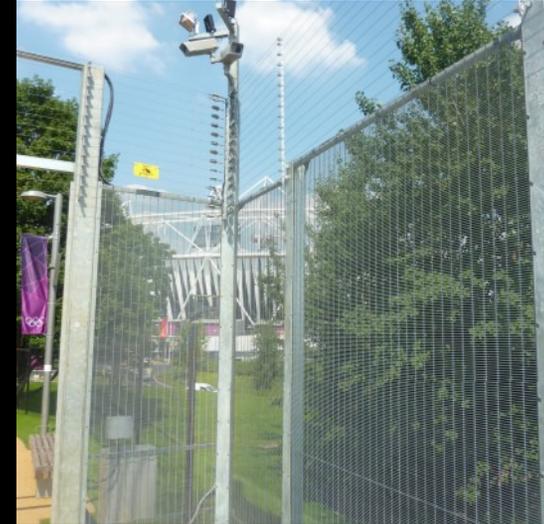


* DRM considers all walls and gates to be 'fences', with the one exception of retaining walls attached to buildings



PROPERTY NOT COVERED

FENCES, INCLUDING ATTACHED DEVICES **



**** However, a gate's electronics, if located inside or otherwise attached to a scheduled building, are considered "Covered Property"**



PROPERTY NOT COVERED

***UNATTACHED RADIO OR TELEVISION ANTENNAS,
INCLUDING THEIR LEAD-IN WIRING, MASTS OR TOWERS
(except for towers insured separately as stand alone structures)***



- [Note:
- 1) The only attachment points DRM considers are structural (i.e., guy wires do not count)
 - 2) Any type of unattached tower that's not insured separately is not covered

PROPERTY NOT COVERED

STAND ALONE LIGHT POLES/FIXTURES ALL EXCEPT AS PROVIDED IN THE COVERAGE EXTENSIONS



PROPERTY NOT COVERED

***TREES, SHRUBS, OR PLANTS... ALL EXCEPT AS PROVIDED
IN THE COVERAGE EXTENSIONS***



[Note: Though later in the Certificate, under *Coverage Extensions*, some coverage is added back]

PROPERTY NOT COVERED

SIGNS (other than signs attached to buildings)



PROPERTY NOT COVERED

FINE ARTS, MANUSCRIPTS, NITROCELLULOSE FILMS, MUSEUM COLLECTIONS, ARTIFACTS, RELICS, BULLION



[**WARNING:** those agencies and universities with libraries or museums should be insuring these items through private gap insurance.]

PROPERTY NOT COVERED

Buildings that have been abandoned or selected for removal from the premise or selected for demolition



[Note: This clause applies only to a pre-loss condition; it is not to be confused with the post-loss abandonment clause found under “*Loss Conditions*”

PROPERTY NOT COVERED

SURPLUS PROPERTY: BUSINESS PERSONAL PROPERTY DECLARED SURPLUS PROPERTY BUT STORED ON THE PREMISES ARE DEEMED TO HAVE NO VALUE FOR THE PURPOSE OF MAKING CLAIM UNDER THIS CERTIFICATE



[Note: Declared or not, DRM considers all obsolete property that has been taken out of service to be surplus property.]

A Special Note Regarding “Stock” vs. “Surplus Property”:

- Although both are considered business personal property (contents), these two terms have very different meanings, and should therefore not be confused.
- The certificate defines **Stock** as “*merchandise held in storage for sale, raw materials, and in-process or finished goods including supplies used in their packing or shipping*”.
- In contrast, the certificate defines **Surplus Property** as being “*stored on the premises*” and “*deemed to have no value for the purpose of making claim under this certificate*”. [Note: *BusinessDictionary.com* defines it as “*property retained by a state government, but that is not currently being utilized. Surplus property may be out of date (obsolescent) or no longer working. The property is typically housed on premises or kept in a storage facility until the state decides what to do with it.*”]
- **The bottom line is that Surplus Property is “Property Not Covered”, whereas **Stock is “Covered Property”****

CERTIFICATE OF **PROPERTY** COVERAGE

B. COVERED CAUSES OF LOSS (aka, the 'nine *named perils*')

- 1) Fire
- 2) Lightning
- 3) Explosion
- 4) Windstorm or Hail
- 5) Smoke
- 6) Aircraft or Vehicles
- 7) Riots or Civil Commotion
- 8) Sinkhole Collapse
- 9) Flood (incorporates the National Flood Insurance Program's *General Property Form*)

CERTIFICATE OF **PROPERTY** COVERAGE

B. COVERED CAUSE OF LOSS (Cont.):

10) *Additional Coverages*

a) *Debris Removal*

(TYPOGRAPHICAL ERROR: This section is defined by DMS to actually read: “*We will pay 25% of The loss or \$5,000, whichever is less”*.)

b) *Preservation of Property*

11) *Coverage Extensions:*

a) *Newly Acquired or Constructed Property*

b) *Property Off-Premises*

c) *Trees, Shrubs and Plants*

CERTIFICATE OF **PROPERTY** COVERAGE

D. LIMITS OF COVERAGE

- **Special coverage sub limits for flood losses:**

- (a) Building:

- Residential: \$250,000

- Non-Residential: \$500,000

- (b) Contents:

- Residential: \$100,000

- Non-Residential: \$500,000

Note: If the flood sub limits exceed the underlying coverage limits for the involved location, then those coverage limits are the most DRM will pay out in the event of a flood loss

CERTIFICATE OF **PROPERTY** COVERAGE

E. DEDUCTIBLE (three types): *

- 1) For every peril but flood, a **\$2,500** deductible **per certificate**
- 2) For flood losses, a **\$1,000** deductible **per scheduled location**
- 3) For rental losses, a **\$1,000** deductible **per scheduled location**

* Note: In certain circumstances, all three deductible types can apply for the same location and date of loss.

FEMA NATIONAL FLOOD INSURANCE PROGRAM'S 'General Property Form'

Important notes:

- Definition of Flood: *“A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area **or** two more properties (at least one of which is your property...)”*
- Coverage is at Actual Cash Value
- It's an *extremely* complex and convoluted coverage form, even by insurance industry standards

FEMA NATIONAL FLOOD INSURANCE PROGRAM'S 'General Property Form'

Important notes (cont.):

- There are *severe* coverage restrictions on property inside a basement. Some prominent examples of basement property that would **not** be covered in a flood claim include:
 - Most contents items (with the exception of portable freezers, window A/C units, and washers and dryers)
 - Floor finishes (e.g., carpeting, tile, vinyl)
 - Wall finishes (e.g., paint, wallpaper, paneling, trim-work)
 - Ceiling finishes (e.g., paint, stipple, ceiling panels)

FEMA NATIONAL FLOOD INSURANCE PROGRAM'S 'General Property Form'

Important notes (cont.):

Implications of the restrictions on basement flooding:

- Your agency is unlikely to have time to move such items once a hurricane is forecast, so take measures now!
- Do not store expensive items in a flood-prone basement!
 - Suggestion: Consider storing there instead surplus property

CERTIFICATE OF RENTAL VALUE COVERAGE

Important Notes:

- This is a “*Loss of Rents*” form, used only by agencies with paying tenants (e.g., university dorms, office buildings)
- Claims under this certificate are extremely rare (there is no record of a single payout under this coverage)

PART VI: OBTAINING & MAINTAINING COVERAGE



OBTAINING & MAINTAINING COVERAGE

SECTION OUTLINE: *

- A. Adding Coverage

- B. Maintaining Coverage

- C. Property Valuation

* Note: These are the same three property coordinator “property scheduling” duties mentioned earlier in this presentation

OBTAINING & MAINTAINING COVERAGE

The Property Coordinator should *always* remember:

- Responsibility for obtaining & maintaining coverage rests solely with the agency.
- If it's not scheduled, then it's not covered!*

* Note: This assumes the involved **permanent building** or **temporary structure** was not added to the property schedule within the 30 days prior to the loss

A. OBTAINING COVERAGE:

(i.e., scheduling new properties)

- Obtaining coverage is accomplished by online completion and submission of the “*Coverage Request Form*” (DFS-DO-850)
- <https://apps.fldfs.com/RiskManagement/CoverageRequest.aspx>

NOTE: ONCE THE NEW ORIGAMI LOCATION PORTAL IS RELEASED IN LATE SPRING 2016, IT WILL SUPERSEDE THESE INSTRUCTIONS

Top half of a sample completed *Coverage Request Form*:



DEPARTMENT OF FINANCIAL SERVICES
Division of Risk Management

Your Risk Management user account does not have authority to update the Trust Fund Use Only section.

Coverage Request Form

Agency: Dept of Wonderful People

Mailing Address: 200 E Gaines Street, Tallahassee, FL 32308

Building Name: Heritage Building

Location Address: 1701 Heritage Blvd, Tallahassee, FL 32308

Flood Zone: X

Inside City Limits: Yes No

Occupancy: Office

Most Recent Construction Year: 1995

Stories: 6

Certificate #: 0-000-00 (####-###)

State: FL **ZIP:** 32308

County: Leon (13)

Basement: Yes No

Sq. Footage: 165,009

Sprinklered: 100 %

GPS with Tutorial: (Use <http://www.floridadisaster.org/gis/kmi/viewer.htm> Use USNG and DD:dd coordinates only.)

USNG: 16R GU 64324 76513

LAT N: 30.49157

LONG W: 84.14501

EXTERIOR WALL:

Type: Frame Masonry Semi Wind Resistive Wind Resistive

If other, provide description:

Subtype: FIRE RESISTIVE/HEAVY NC

ROOF SUPPORTS:

Type: Frame Masonry Semi Wind Resistive Wind Resistive

If other, provide description:

Subtype: STEEL DECK & OTHER LIGHT NC

UNDER RE-CONSTRUCTION!!

Needs to EXACTLY match the bldg location!!

Bottom half of a sample completed *Coverage Request Form*:

AMOUNT OF ACV INSURANCE:
Building: \$ 9,875,789.00 Contents: \$ 550,000.00 Rental: \$ Replacement (Bldg Only): \$ 14,850,810.00

Is building owned by any Agency, Board or Bureau of the State of Florida? Yes No

Nearest Hydrant: 10 Feet

Distance to Ocean/Gulf: > 10 MILES, < = 50 MILES (Miles)

Fire Department Name: City of Tallahassee

Fire Pump: Yes No If yes, type in name of Pump, etc.

Security: (Indicate any special applications)
 Keypad/Keycard Entry Building Lock Down
 Police Drive-By Fire Security Station

Watchman: PART TIME WATCHMAN

Alarm Services: AUTOMATIC FIRE ALARM Protected Signaling Systems: CENTRAL STATION

Water Supply: CITY WITH BOOSTER PUMP

Smoke/Heat Alarms Local Annunciator Pull Stations

GENERATOR: Manufacturer: Milbank KW: 7420 Gal: 100 Fuel: Disesel

WAREHOUSING: (Describe any large scale storage of goods or products.)
None

HAZARDS: (Haz-mat handling, tanks of volatile gas, nuclear material, etc.)
None

Requested By Name: Elmer P. Fudd Title: Swell Guy
Phone Number: 850-413-3122 Date: 1/26/2015 2:20:17 PM

UNDER RE-CONSTRUCTION!!!

A special note regarding DATA ELEMENTS entered into the Coverage Request Form:

- These are critically important in establishing how much DRM pays on the private market for excess insurance. **More accurate information equals more affordable premiums!**
- Certain important data elements – e.g., Flood Zones, Latitude and Longitude coordinates – can be easily found at this SOF website:
<http://map.floridadisaster.org/GATOR/map.html>
- For assistance in completing the technical elements of the form (e.g., *Exterior Wall, Roof Supports, Alarm Systems*, etc), please consult your agency Facility Manager

B. MAINTAINING COVERAGE:

- Per Fla. Statute, the agency **shall** submit a complete property schedule for each certificate by May 15th of each fiscal year
- Until the Origami Location Portal is up and running, **changing** coverage is accomplished by emailing a revised *Property Schedule* – i.e., the schedule spreadsheet with the location in question highlighted – to DRM's Insurance Analyst, Monique Melett
 - Note: If a coverage change is not submitted before a loss then the current coverage, if any, applies

ORIGAMI PORTAL – A Sneak Preview

Here's the Agency 'Dashboard', where Agency users can modify their Property Inventory, or report an Incident:

The screenshot displays the Origami Risk Agency Pilot Dashboard. The browser address bar shows the URL: <https://staging.origamirisk.com/Origami/Dashboards/Show/10144?dashboardType=H>. The dashboard header includes the Origami logo and navigation tabs: Dashboards, Documents, Claims, Incidents, Locations, and Property Requests. The user is identified as AgencyUser PropTester1 in State of Florida, with options for My Profile, Sign Out, and Help.

Agency Pilot Dashboard w Prop

Incidents and Tasks

- Manage Property Inventory**: Property Request Portal of the Division of Risk Management. Click the button below to modify your Agency's property inventory. [Property Request](#)
- Agency Portal**: Incident Reporting Portal of the Division of Risk Management. Click the button below to report an Incident. [Report an Incident](#)

My Open Tasks

| Description | Due Date |
|-------------|----------|
|-------------|----------|

Incidents Reported in Last 30 Days [Show all](#)

Claims Reported in Last 30 Days

| Claim Number | Claimant | Coverage | Cause | Report Date | Accident Date |
|--------------|----------|----------|-------|-------------|---------------|
|--------------|----------|----------|-------|-------------|---------------|

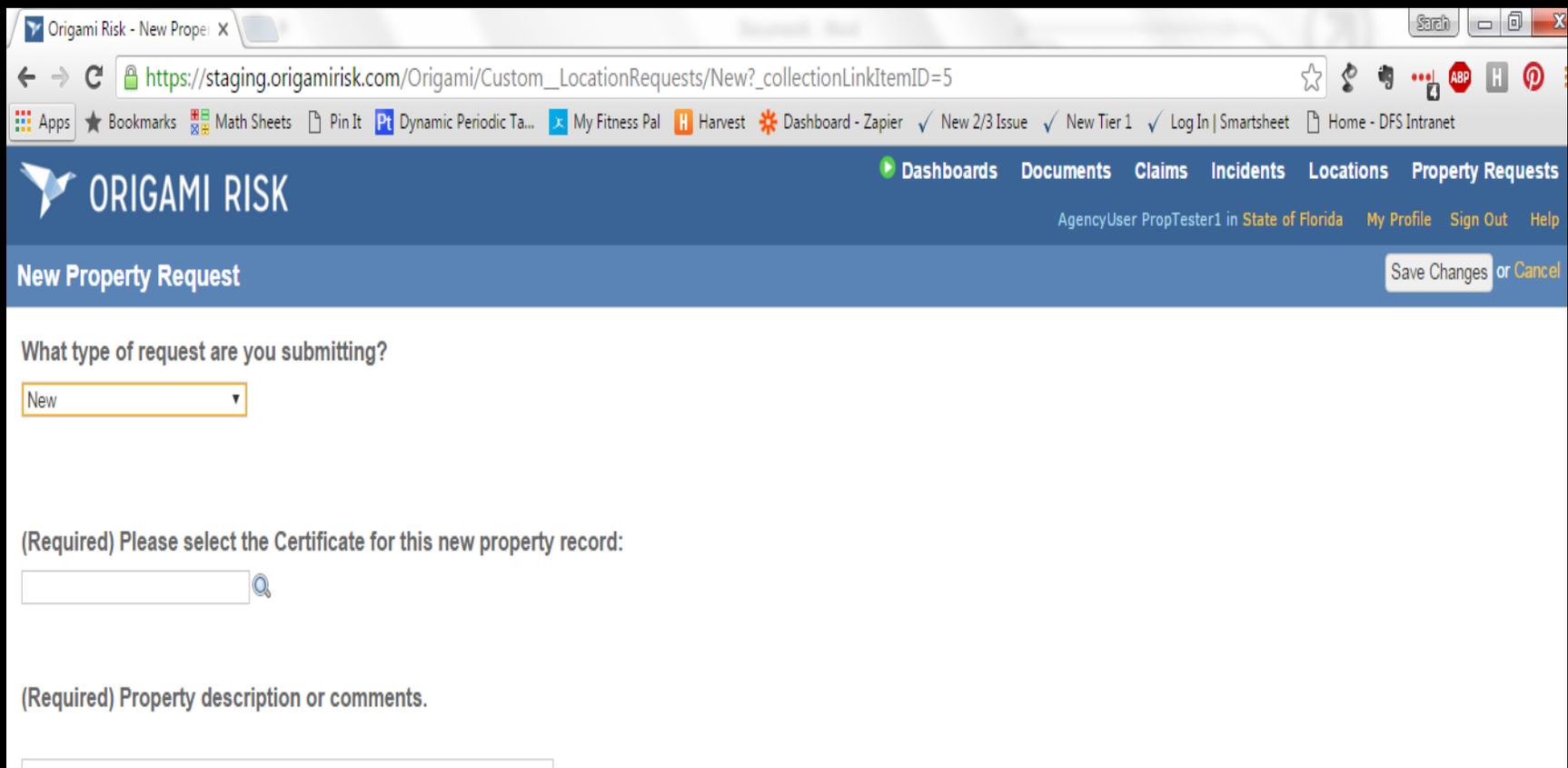
Claims reported > 7 days after loss date

| Claim Number | Claimant | Coverage | Lag |
|--------------|------------------------|----------|-----|
| 20061503256 | MADDOX, ALDRIC | 20 | 80 |
| 24061503209 | WHITAKER-GAY, MICHELLE | 24 | 336 |
| 25061503244 | SCHRADRAC, JOY K. | 25 | 627 |

ORIGAMI PORTAL – A Sneak Preview

Clicking on the “Property Request” link gives Agency users the option of:

- Creating a new property record
- Modifying an existing property record
- Inactivating an existing property record



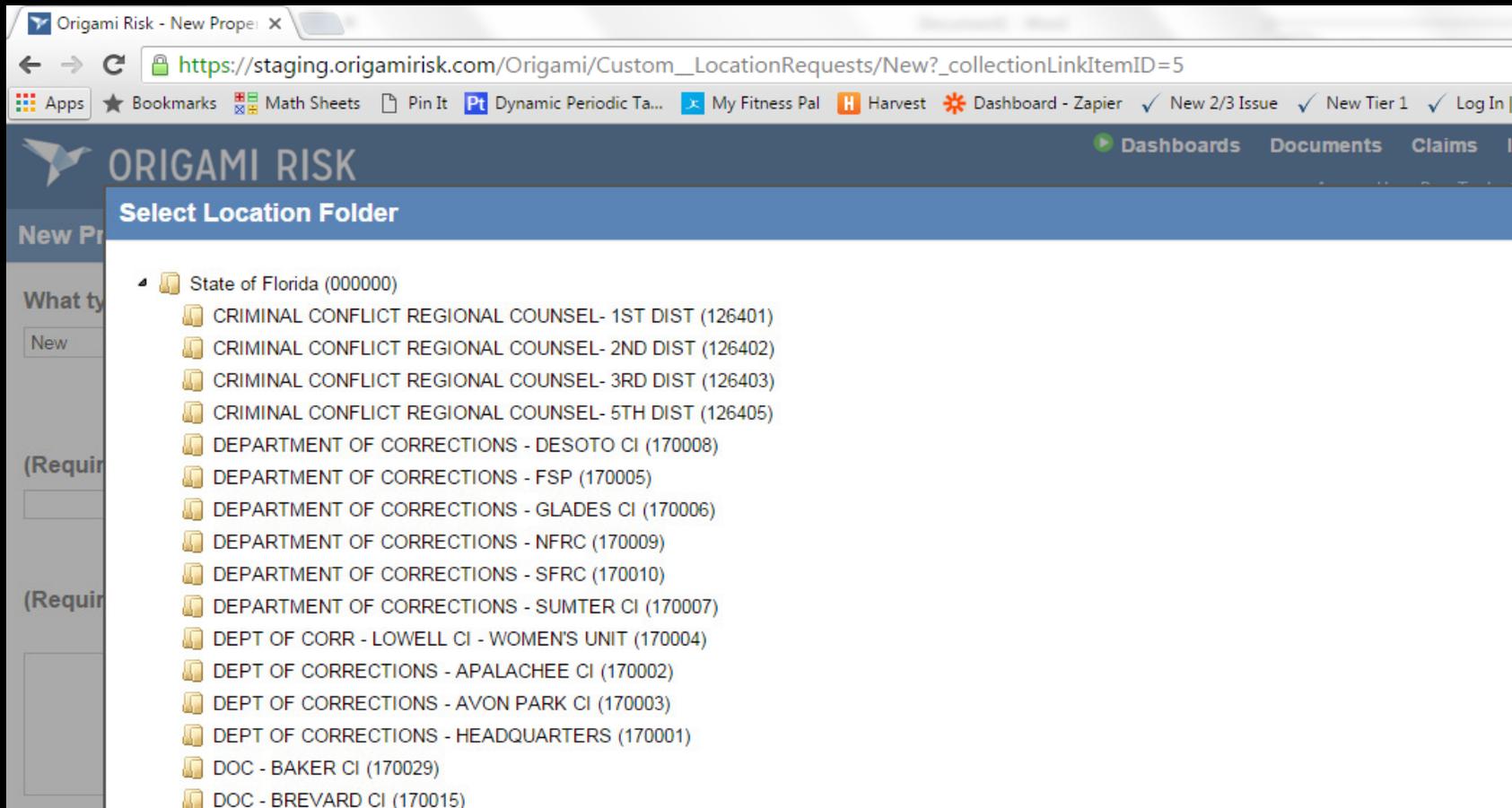
The screenshot shows a web browser window with the URL https://staging.origamirisk.com/Origami/Custom_LocationRequests/New?collectionLinkItemID=5. The browser's address bar and tabs are visible. The page header includes the 'ORIGAMI RISK' logo and navigation links: Dashboards, Documents, Claims, Incidents, Locations, and Property Requests. The user is logged in as 'AgencyUser PropTester1 in State of Florida' with links for 'My Profile', 'Sign Out', and 'Help'. The main content area is titled 'New Property Request' and contains the following form elements:

- A dropdown menu labeled 'What type of request are you submitting?' with 'New' selected.
- A required field: '(Required) Please select the Certificate for this new property record:' with a search icon.
- A required field: '(Required) Property description or comments.'

At the bottom right of the form area, there are buttons for 'Save Changes' and 'Cancel'.

ORIGAMI PORTAL – A Sneak Preview

When entering a new Property Record, the user first selects the Certificate for the property and enters a descriptive comment



The screenshot shows a web browser window with the URL https://staging.origamirisk.com/Origami/Custom_LocationRequests/New?_collectionLinkItemID=5. The browser's address bar and tabs are visible. The page header includes the 'ORIGAMI RISK' logo and navigation links for 'Dashboards', 'Documents', and 'Claims'. A modal dialog box titled 'Select Location Folder' is open, displaying a tree view of folders. The root folder is 'State of Florida (000000)', which is expanded to show a list of sub-folders. The sub-folders include:

- CRIMINAL CONFLICT REGIONAL COUNSEL- 1ST DIST (126401)
- CRIMINAL CONFLICT REGIONAL COUNSEL- 2ND DIST (126402)
- CRIMINAL CONFLICT REGIONAL COUNSEL- 3RD DIST (126403)
- CRIMINAL CONFLICT REGIONAL COUNSEL- 5TH DIST (126405)
- DEPARTMENT OF CORRECTIONS - DESOTO CI (170008)
- DEPARTMENT OF CORRECTIONS - FSP (170005)
- DEPARTMENT OF CORRECTIONS - GLADES CI (170006)
- DEPARTMENT OF CORRECTIONS - NFRC (170009)
- DEPARTMENT OF CORRECTIONS - SFRC (170010)
- DEPARTMENT OF CORRECTIONS - SUMTER CI (170007)
- DEPT OF CORR - LOWELL CI - WOMEN'S UNIT (170004)
- DEPT OF CORRECTIONS - APALACHEE CI (170002)
- DEPT OF CORRECTIONS - AVON PARK CI (170003)
- DEPT OF CORRECTIONS - HEADQUARTERS (170001)
- DOC - BAKER CI (170029)
- DOC - BREVARD CI (170015)

ORIGAMI PORTAL – A Sneak Preview

Origami Risk - New Propert...

https://staging.origamirisk.com/Origami/Custom_LocationRequests/New?_collectionLinkItemID=5

Apps Bookmarks Math Sheets Pin It Dynamic Periodic Ta... My Fitness Pal Harvest Dashboard - Zapier New 2/3 Issue New Tier 1 Log In | Smartsheet Ho

ORIGAMI RISK Dashboards Documents Claims Incidents Loca

Reference Location More

Filter By

Location

Number

Name

Street 1

Street 2

City

State

Is Active

Filter By Hierarchy

- State of Florida (0)
 - CRIMINAL CO
 - CRIMINAL CO
 - CRIMINAL CO
 - CRIMINAL CO
 - DEPARTMENT
 - DEPARTMENT
 - DEPARTMENT
 - DEPARTMENT
 - DEPARTMENT
 - DEPARTMENT
 - DEPT OF COR
 - DEPT OF COR
 - DEPT OF COR

| Name all | # | a | b | c | d | e | f | g | h | i | j | k | l | m | n | o | p | q | r | s | t | u | v | w | x | y | z |
|-----------------|---|-----------------------------------|-----------------|---------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Location Number | Name | Street 1 | City | State | Agency | | | | | | | | | | | | | | | | | | | | | | |
| 170030/99999999 | HISTORICAL CLAIMS 170030 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 170044/21524007 | CANTEEN B SOUTH - JASPER (Inactive) | 10650 SW 46TH STREET | JASPER | Florida | DOC - HAMILTON CI | | | | | | | | | | | | | | | | | | | | | | |
| 121502/00000006 | COURTHOUSE - FRANKLIN CTY - APALACHICOLA | COMMERCE STREET | APALACHICOLA | Florida | JUDICIAL | | | | | | | | | | | | | | | | | | | | | | |
| 126405/00000151 | OFFICE - CASSELBURY OAKS - CASSELBURY | 101 SUNNYTOWN ROAD | CASSELBURY | Florida | JUDICIAL | | | | | | | | | | | | | | | | | | | | | | |
| 170030/28121121 | WASTE WATER TRMT- CHLORINE STORAGE - TRENTON | 3449 SW STATE ROAD 26 | TRENTON | Florida | DOC - LANCASTER CI | | | | | | | | | | | | | | | | | | | | | | |
| 170001/00230(D) | 1ST DISTRICT COURT OF APPEAL - TALLAHASSEE (Inactive) | MARTIN LUTHER KING BOULEVARD | TALLAHASSEE | Florida | JUDICIAL | | | | | | | | | | | | | | | | | | | | | | |
| 170001/00231(D) | 2ND DISTRICT COURT OF APPEAL - LAKELAND (Inactive) | 1005 MEMORIAL BOULEVARD | LAKELAND | Florida | JUDICIAL | | | | | | | | | | | | | | | | | | | | | | |
| 170001/00260(D) | 2ND DISTRICT COURT OF APPEAL - TAMPA (Inactive) | 801 E TWIGGS STREET | TAMPA | Florida | JUDICIAL | | | | | | | | | | | | | | | | | | | | | | |
| 170034/21234105 | 30SHED - TRACTOR - MAYO | US 27 W | MAYO | Florida | DOC - MAYO CI | | | | | | | | | | | | | | | | | | | | | | |
| 170001/00232(D) | 3RD DISTRICT COURT OF APPEAL - MIAMI (Inactive) | 2001 SW 17TH AVENUE | MIAMI | Florida | JUDICIAL | | | | | | | | | | | | | | | | | | | | | | |
| 170202/011-4(D) | 441 PLAZA - MIAMI (Inactive) | 20811 NW 2ND AVENUE | MIAMI | Florida | DOC - SERVICE CENTER 2 - FT. LAUDERDALE | | | | | | | | | | | | | | | | | | | | | | |
| 170001/00234(D) | 4TH DISTRICT COURT OF APPEAL-W PALM BCH (Inactive) | 1525 W PALM BEACH LAKES BOULEVARD | WEST PALM BEACH | Florida | JUDICIAL | | | | | | | | | | | | | | | | | | | | | | |

ORIGAMI PORTAL – A Sneak Preview

The user then enters the coverage amounts requested for Contents, Building, or Rental. The user then enters a variety of data elements about the physical building (even if the Property record is for contents only).

When modifying an existing Property Record, the user first selects the Property record to modify and enters a comment.

ORIGAMI PORTAL – A Sneak Preview

Origami Risk - New Property Request

https://staging.origamirisk.com/Origami/Custom_LocationRequests/New?_collectionLinkItemID=5

App Store | Bookmarks | Math Sheets | Pin It | Dynamic Periodic Ta... | My Fitness Pal | Harvest | Dashboard - Zapier | New 2/3 Issue | New Tier 1 | Log In | Smartsheet | Home - DFS Intranet

ORIGAMI RISK | Dashboards | Documents | Claims | Incidents | Locations | Property Requests

AgencyUser PropTester1 in State of Florida | My Profile | Sign Out | Help

New Property Request

Save Changes And Continue Editing or Cancel

What type of request are you submitting?

Change

Select a Property record to modify:

COURTHOUSE - FRANKLIN CT

(Required) Description / justification for this requested modification. After entry, click the "Save Changes and Continue Editing" button.

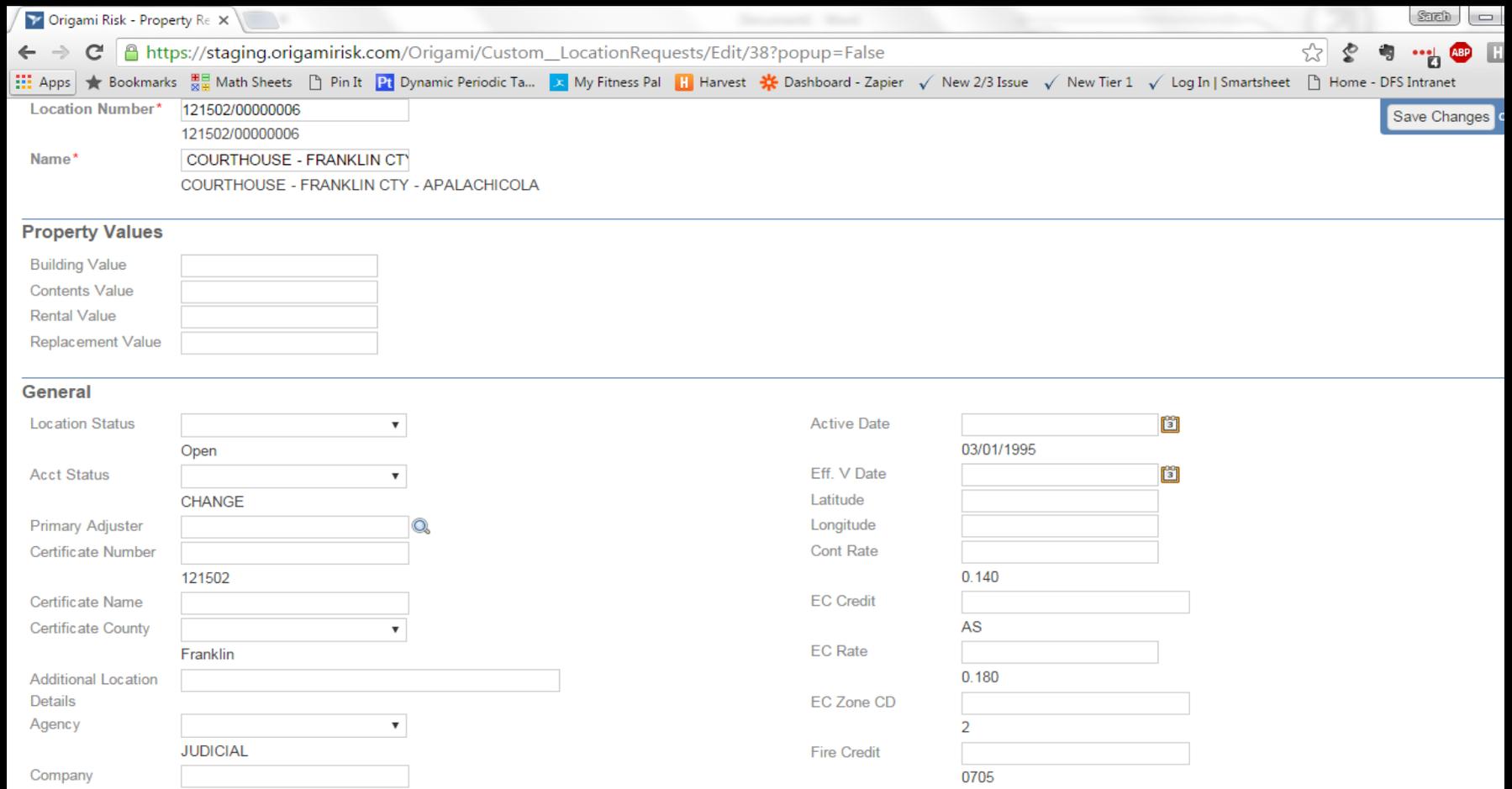
Changing the building details per the engineer

Location Number* 121502/00000006

Name* COURTHOUSE - FRANKLIN CT

ORIGAMI PORTAL – A Sneak Preview

The user then clicks “Save and Continue” which loads the selected property record into the form, allowing it to be edited.



The screenshot shows a web browser window with the URL https://staging.origamirisk.com/Origami/Custom_LocationRequests/Edit/38?popup=False. The browser's address bar and tabs are visible at the top. The page content includes a form with the following fields:

Location Number* 121502/00000006
121502/00000006

Name* COURTHOUSE - FRANKLIN CT
COURTHOUSE - FRANKLIN CTY - APALACHICOLA

Property Values

| | |
|-------------------|----------------------|
| Building Value | <input type="text"/> |
| Contents Value | <input type="text"/> |
| Rental Value | <input type="text"/> |
| Replacement Value | <input type="text"/> |

General

| | | | |
|---------------------|---------------------------------------|-------------|---|
| Location Status | <input type="text" value="Open"/> | Active Date | <input type="text" value="03/01/1995"/> |
| Acct Status | <input type="text" value="CHANGE"/> | Eff. V Date | <input type="text"/> |
| Primary Adjuster | <input type="text"/> | Latitude | <input type="text"/> |
| Certificate Number | <input type="text" value="121502"/> | Longitude | <input type="text"/> |
| Certificate Name | <input type="text"/> | Cont Rate | <input type="text" value="0.140"/> |
| Certificate County | <input type="text" value="Franklin"/> | EC Credit | <input type="text" value="AS"/> |
| Additional Location | <input type="text"/> | EC Rate | <input type="text" value="0.180"/> |
| Details | | EC Zone CD | <input type="text" value="2"/> |
| Agency | <input type="text" value="JUDICIAL"/> | Fire Credit | <input type="text" value="0705"/> |
| Company | <input type="text"/> | | |

A "Save Changes" button is located in the top right corner of the form area.

ORIGAMI PORTAL – A Sneak Preview

The user enters new information as necessary. Any modifications, upon acceptance by DRM, will completely over-write the previous value(s).

When finished, the user clicks “Save Changes” and the record is submitted to DRM for review.

The process for requesting deactivation is the same as a modification, with the addition of a deactivation date which the user must enter to indicate the date on which the property record should be inactivated.

ORIGAMI PORTAL – A Sneak Preview

After saving, the user can view all previously saved or submitted requests (including the one just submitted) in the “Property Request” list view. Once the newly created request shows in the list view, the user can select it and add documents, including photographs, to the property request record. The user can also access the list view at any time by selecting the “Property Requests” menu item at the top right of the screen.

ORIGAMI PORTAL – A Sneak Preview

The screenshot displays a web browser window with the URL https://staging.origamirisk.com/Origami/Custom_LocationRequests/View/38. The browser's address bar and tabs are visible at the top. The page header features the "ORIGAMI RISK" logo on the left and navigation links for "Dashboards", "Documents", "Claims", "Incidents", "Locations", and "Property Requests" on the right. A user profile for "AgencyUser PropTester1 in State of Florida" is shown with "My Profile" and "Sign Out" options.

The main content area is titled "Property Request" and includes a breadcrumb "Property Requests >". On the right side of this section, there are buttons for "Edit Property Request" and "More" with a dropdown arrow. Below the title, the request details are displayed in a table-like format:

| | |
|--------------------|--|
| Request Type | Change |
| Reference Location | 121502/00000006 - COURTHOUSE - FRANKLIN CTY - APALACHICOLA |
| Request Detail | Changing the building details per the engineer |

Additional information on the right side of the page includes "Entry User: AgencyUser PropTester1" and "Entry Date: 02/15/2016". At the bottom of the main content area, there is a "Full Details" link with a downward arrow icon. On the far right, a "Files" section is visible, containing the text "No files. Click [here](#) or drop files to a".

ORIGAMI PORTAL – A Sneak Preview

The image shows a screenshot of a web browser displaying the Origami Risk portal. The browser's address bar shows the URL https://staging.origamirisk.com/Origami/Custom_LocationRequests/View/38. The browser's taskbar includes several open tabs: Apps, Bookmarks, Math Sheets, Pin It, Dynamic Periodic Ta..., My Fitness Pal, Harvest, Dashboard - Zapier, New 2/3 Issue, New Tier 1, Log In | Smartsheet, and Home - DFS Intranet. The Origami Risk portal header features a navigation menu with items: Dashboards, Documents, Claims, Incidents, Locations, and Property Reque... The main content area is titled "Upload New File" and includes a "Choose File" button, a "No file chosen" message, and fields for "Attached To" (Property Request), "Folder", and "Alt File Name". A "Save" button is visible in the top right corner of the upload area. Overlaid on the portal is a Windows "Open" file explorer window. The window title is "Open" and the current directory is "Desktop". The left sidebar of the file explorer shows "Favorites" (Desktop, Downloads, Recent Places), "Libraries" (Documents, Music, Pictures, Videos), and "Computer" (L062224 (C:), wilsons (\DFSTL)). The main pane displays a list of system folders and shortcuts: Libraries (System Folder), Wilson, Sarah (System Folder), Computer (System Folder), Network (System Folder), Arduino (Shortcut, 1006 bytes), and Cisco AnvConnect Secure Mobility. The "File name" field is empty, and the file type is set to "All Files". The "Open" and "Cancel" buttons are at the bottom right of the window.

ORIGAMI PORTAL – A Sneak Preview

Once a request is submitted by the Agency user, DRM staff uses the same Property Requests view screen to work the submitted requests. Upon review, DRM has three options for handling the Request. DRM can:

ORIGAMI PORTAL – A Sneak Preview

- 1) Approve and Process the change, which either creates a new Property record or overwrites the data fields in the existing property record with the information the user entered in the request. Any documents added to the Request are also linked to the Property record, and an audit entry is made that captures the fields and values entered by the Agency user.

ORIGAMI PORTAL – A Sneak Preview

- 2) Reject the Request: in the case of an accidental duplicate, or at the request of the agency, DRM can reject a request, which returns it to the agency user.

- 3) Request Additional Information: when DRM requires additional information to be able to process the Request. The Request is temporarily assigned back to the Agency user until it is completed and re-submitted.

ORIGAMI PORTAL – A Sneak Preview

The screenshot shows a web browser window with the URL https://staging.origamirisk.com/Origami/Custom_LocationRequests/View/14. The browser's address bar and tabs are visible at the top. The page header features the 'ORIGAMI RISK' logo on the left and a navigation menu on the right with items: Dashboards, Documents, Tasks, Claims, Checks, and Location. A user identifier 'DRMtester Property1 in State' is displayed in the top right corner.

Below the header, there is a breadcrumb trail 'Property Requests >' and a set of action buttons: 'Edit Property Request', 'Request Info', 'Reject Request', 'Approve and Process Property Change', and 'More'. The main content area is titled 'Property Request' and displays the following details:

| | | | |
|--------------------|-------------------------------------|----------------|------------|
| Request Type | Change | Request Status | Pending |
| Reference Location | 0180 - LOCAL FUNDS | | |
| Request Detail | Please change this Property for me. | Entry User | Test 1 |
| | | Entry Date | 10/05/2015 |

At the bottom of the details section, there is a link labeled 'Full Details' with a downward arrow icon.

C. PROPERTY VALUATION:

- It's the process used to determine the ACV coverage amounts for the two main categories of covered property:
 - A. **Buildings**
 - B. **Contents (i.e., personal property)**
- Additionally, there are two subcategories of Buildings:
 - 1) **Permanent** (aka '*Permanent Buildings*')
 - 2) **Temporary** (aka '*Temporary Structures*')
- **Permanent Building**, **Temporary Structures**, and **Contents** each comes with its own respective valuation methodology.

C. PROPERTY VALUATION:

- The main purpose of this section is to assist your agency in establishing the most accurate Actual Cash Value (ACV) for each scheduled locations' buildings and contents
- For any given claim, DRM pays only up to the limit of insurance for each location. In the event of a 'total loss' it is therefore *critical* that your agencies submit as accurate a values as is reasonably possible
- The agency is *solely* responsible for submitting, and then annually checking, its schedule of values; values for which DRM has no means to verify

C. PROPERTY VALUATION (cont.):

The Property Coordinator should *always* remember:

From the perspective of DRM there are three distinct kinds of insurable property:

1. Permanent buildings

2. Temporary structures

3. Contents (i.e., personal property)

For any given insurable property, the Property Coordinator ***should*** be able to distinguish between all three.

C. PROPERTY VALUATION (cont.):

However, please note that some items change classification over time. For example, a relatively expensive electric generator (e.g., \$75K ~):

- Can be '*permanently*' mounted inside a building, making it a part of that **building**.
- It can then be moved outside and '*permanently*' mounted onto an exterior slab, making it a **temporary structure**.
- Later, it could be stored on a flat bed trailer, making it **personal property**.

Applying the strict letter of DRM policy, for this generator to have been correctly insured the schedule should have been changed each time the generator changed classification.

C. PROPERTY VALUATION (contd.):

- Q: Why does DRM have two building subtypes? And why does each building subtype have its own respective valuation method?
- A: *Temporary Structures* typically (though not always) experience a much shorter life span than when in comparison to *Permanent Buildings*. Therefore a much shorter lifespan means a much more accelerated rate of depreciation, and a much accelerated rate of depreciation calls for a different method of valuation.

C. PROPERTY VALUATION (contd.):

- Q: What does DRM consider to be a '*Temporary Structure*'?
- A: The terms '**Permanent**' and '**Temporary**' are somewhat misnomers, as both, with a few exceptions, are typically permanently sited. Therefore what does or does not constitute a *Temporary Structure* comes down to whether or not it is included on DRM's recognized list of such structures.*

*Note: Not only are these misnomers, some **Temporary Structures** are not even structures at all, but rather various types of equipment. Examples of this would be transformers, generators, condensing units, solar arrays, etc.

C. PROPERTY VALUATION (cont.):

- Q: Why does DRM periodically modify its list of recognized **Temporary Structures**?
- A: Because, like everything else in this world, the nature of property is perpetually changing; in ways big and small. For example, last year DRM added Solar Arrays to the list. And because of this constant change – plus not knowing at any given time everything an agency does and does not own – DRM reserves the right to change the classification of a damaged item of property, even after a loss occurs.

C. PROPERTY VALUATION (cont.):

Typical characteristics of each building subtype:

1) PERMANENT

- Solid foundations
- Solid construction
- Intended to be occupied for an indefinite period

2) TEMPORARY*

- The structures listed on the next page

Note: To be considered a **Temporary Structure**, in addition to being on the DRM recognized list, it must also:

- a) be unattached to any **Permanent Building**;
- and
- b) not be **Contents**

TEMPORARY STRUCTURES List

- Mobile Homes
- Modular Classrooms
- Modular Offices
- Sheds/Barns/Canopies
- Butler Buildings
- Greenhouses
- **Other similar lightly clad & lightly framed structures**
- Satellite Dishes
- Electrical Transformer (Pad-Type) *
- Generators *
- Condensing Unit *
- Water Tanks/Towers
- Communication Towers
- Grain Bin/Silo
- Grease Racks
- Truck Washes
- Walk-In Freezers
- Incinerators
- Trash Compactors
- Pumping Stations
- Sawmills
- Bleachers
- Solar Arrays

* These have special scheduling guidelines (for details, see Part VII)

TEMPORARY STRUCTURES



Mobile Home



Mobile Home



Shed



Barn



Canopy



Light Framed Structure

TEMPORARY STRUCTURES



Bleacher



Grease Rack



Satellite Dish



Saw Mill



Grain Silo



Water Tower

TEMPORARY STRUCTURES



Pumping Station



Communications Tower



Incinerator



Trash Compactor

Portable?



Solar arrays

Attached to Bldg.?



Walk-in Freezer

Portable?

TEMPORARY STRUCTURES



Mobile Home



Mobile Home

Tie Downs

Permanent Foundation

•Whether portable (above left) or non-portable,(above right), DRM treats all mobile homes as a special class of property (as does the State of Florida in general); that is, they are neither real property nor personal property.

•Therefore, regardless of the location, or how they're setup, DRM considers all mobile homes to be **Temporary Structures**

TEMPORARY STRUCTURES

Generator



Due to their ubiquitous nature DRM has **special** scheduling rules for these items. For details, please see the next chapter.

Electrical Transformer (Pad Type) *



Condensing Unit



* Warning: Before you schedule make sure your agency owns the transformer ! (i.e., that it's not owned by a utility company)

C. PROPERTY VALUATION (contd.):

Each of the two **building** subcategories come with its own respective valuation methodology:

- 1) **Permanent** = Requires the “*Cost Approach*” valuation method, of which there are several versions
- 2) **Temporary** = Uses DRM’s “*Temporary Structures Formula*”

PERMANENT BUILDINGS

Select one of at least four Permanent Building valuation methods:

- 1) Hire a private valuation service (find via Google/Yellow Pages)
- 2) Do-it-yourself by using propriety valuation software that your agency has purchased (e.g., *Marshall & Swift/Boeckh*, *R.H. Means*, *E2Value*, *360 Value*, *AssetWorks*, etc)
- 3) For building constructed within the past three years, use the invoice construction cost, deduct any excluded items, then apply depreciation for each accrued year
- 4) Do-it-yourself by using DRM's '*Matrix Code Formula*' [next page]

DRM's MATRIX CODE FORMULA

Building Envelope



Exclusions

(“Property Not Covered”, as listed within Section III)



Cost Factors

[Listed later in this chapter]



Cost Per Sq. Ft. X Total Sq. Footage

=

Replacement Cost Value (RCV)

DRM's MATRIX CODE FORMULA (Cont.)

Replacement Cost Value (RCV)

LESS

Depreciation

X

Building Condition

=

Actual Cash Value (ACV)

DRM's MATRIX CODE FORMULA

WARNING!

It's to be used only on simple buildings (i.e., rectangular in shape, and of basic construction)

Conversely, never use it on a building of complex design and of premium construction



Determining Cost Factors (two types):

1) Occupancy



2) Construction



OCCUPANCY COST FACTORS

- (1) **INDUSTRIAL:** Labs, Manufacturing, Large Equipment Based Research, PRIDE, Small Physical Plants, etc. *
- (2) **HEALTHCARE:** Hospitals, Evaluation/Treatment Care *
- (3) **DETENTION / CORRECTIONAL FACILITIES:** Lock-up Facilities, Gatehouses, Confinement Dorms, etc.
- (4) **COLLEGES:** Administration, Gyms, Lecture Halls, Theaters, Libraries, etc.
- (5) **OFFICE BUILDINGS AND CLASSROOMS**
- (6) **RESIDENTIAL:** Ranger Residences, Apartment, Frat/Sorority Houses, Dorms, BOQ
- (7) **WAREHOUSES, SHOPS AND STORAGE BUILDINGS**
- (8) **FULL SCALE POWER PLANTS ***

* DRM cautions against using our Matrix Code Formula for these type of buildings (due mostly to complex, expensive trade fixtures)

CONSTRUCTION COST FACTORS

| | ROOF | WALL | FLOOR |
|----------|---|--|-----------------------------|
| A | Heavy Concrete & Fire Protected Steel | Heavy Concrete & Fire Protected Steel | Concrete |
| B | Poured or Pre-stressed Heavy Concrete Units | Heavy Concrete Frame, Panels On Steel, or Steel On Steel | Concrete |
| C | Metal/Light Weight Concrete On Pan | Glass, Metal, or Concrete Block | Concrete |
| D | Wood Truss or Metal Frame | Concrete Block, Brick, or Wood Frame | Concrete Slab or Wood Frame |
| E | Wood or Wood Truss | Wood or Brick Facade | Concrete Slab or Wood Frame |

DEPRECIATION SCALE

| EFFECTIVE AGE | DEPRECIATION % | FACTOR "C" |
|---------------|----------------|------------|
| 1 | 0 | 1.00 |
| 2 | 1 | .99 |
| 3 | 2 | .98 |
| 4 | 3 | .97 |
| 5 | 3 | .97 |
| 6 | 5 | .95 |
| 7 | 5 | .95 |
| 8 | 6 | .94 |
| 9 | 8 | .92 |
| 10 | 10 | .90 |
| 11 | 12 | .88 |
| 12 | 14 | .86 |
| 13 | 16 | .84 |
| 14 | 18 | .82 |

DEPRECIATION SCALE

| EFFECTIVE AGE | DEPRECIATION % | FACTOR "C" |
|---------------|----------------|------------|
| 15 | 20 | .80 |
| 16 | 22 | .78 |
| 17 | 24 | .76 |
| 18 | 26 | .74 |
| 19 | 28 | .72 |
| 20 | 30 | .70 |
| 21 | 32 | .68 |
| 22 | 34 | .66 |
| 23 | 36 | .64 |
| 24 | 38 | .62 |
| 25 | 40 | .60 |
| 26 | 42 | .58 |
| 27 | 44 | .56 |
| 28 | 46 | .54 |

DEPRECIATION SCALE

| EFFECTIVE AGE | DEPRECIATION % | FACTOR "C" |
|---------------|----------------|------------|
| 29 | 48 | .52 |
| 30 | 50 | .50 |
| 31 | 52 | .48 |
| 32 | 54 | .46 |
| 33 | 56 | .44 |
| 34 | 58 | .42 |
| 35 | 60 | .40 |

Warning: NEVER depreciate by more than 60%

BUILDING CONDITION

| CONDITION | PERCENTAGE | FACTOR "D" |
|-----------|------------|------------|
| EXCELLENT | 100 % | 1.0 |
| GOOD | 95 % | .95 |
| FAIR | 90 % | .90 |
| POOR | 85 % | .85 |

SAMPLE EXERCISE

Using the *Matrix Code Formula*, determine the ACV of a permanent building



Hermitage Centre

MATRIX CODE FORMULA WORKSHEET

CERTIFICATE # _____ AGENCY NAME _____ DATE _____

| BLDG # | BUILDING NAME | EFFECTIVE AGE | MATRIX CODE | "A" COST/SQ.FT. | "B" SQ.FT. | Replacement Cost | "C" DEPRECIATION FACTOR | "D" CONDITION FACTOR | ACTUAL CASH VALUE |
|--------|---------------|---------------|-------------|-----------------|------------|------------------|-------------------------|----------------------|-------------------|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | TOTAL: | TOTAL: | | | TOTAL: |

EFFECTIVE AGE is the age from original construction or from total renovation.

"A" is taken from the "Cost per square foot Matrix." Include construction and occupancy codes. EXAMPLE; C5/\$90

"B" is taken from your files on each particular building. Indicate either GROSS or NET square feet.

REPLACEMENT COST is the result of "A" x "B"

"C" is taken from the "Depreciation Scale" and is shown as a decimal percentage.

"D" is taken from the "Condition Scale" of EXCELLENT – 100% or GOOD – 95% or FAIR – 90% or POOR – 85%. Use the following multipliers: 1.0 EXCELLENT or .95 for GOOD or .90 for FAIR or .85 for POOR; THIS IS YOUR CALL.

ACTUAL CASH VALUE is the REPLACEMENT COST less all depreciation and is the result of "A" x "B" x "C" x "D"

NOTE: PROVIDE SEPARATE FORMS FOR EACH CERTIFICATE NUMBER AND SHOW A COLUMN TOTAL FOR EACH OF THE FOLLOWING COLUMNS.

NOTE: THIS WORKSHEET SHOULD BE SET UP IN A SPREADSHEET PROGRAM SUCH AS EXCEL WHERE THE MATH FORMULAS CAN BE INSTALLED

MATRIX CODE FORMULA: Sample Exercise

Scenario:

- 1) Building Number: **BR549**
- 2) Building Name: **Hermitage Building**
- 3) Effective Age: **20 years**
- 4) Roof: **Metal/Light Weight Concrete On Pan**
- 5) Wall: **Glass, Metal, or Concrete Block**
- 6) Floor: **Concrete**
- 7) Occupancy: **Office Building**
- 8) Condition: **Good**
- 8) Total Square Footage: **165,009**

MATRIX CODE FORMULA: Sample Exercise

Inputs:

| | |
|------------------------------------|----------------|
| Matrix Code: | <u>C/5</u> |
| Cost per S.F. (Factor "A"): | <u>\$109</u> |
| Total S.F. (Factor "B"): | <u>165,009</u> |
| Depreciation % (Factor "C" = .70): | <u>30%</u> |
| Condition % (Factor "D" = .95): | <u>95%</u> |

Formula:

$$\text{"A"} \times \text{"B"} = \text{RCV} \quad \times \text{"C"} \times \text{"D"} = \text{ACV}$$

$$\text{\$90} \times 165,009 = \text{\$17,004,981} \times .70 \times .95 = \text{\$11,308,312}$$

TEMPORARY STRUCTURE FORMULA

Original Purchase Price

x

Depreciation

=

A.C.V.

TEMPORARY STRUCTURE FORMULA

Depreciation Schedule

| \$100,000 |  Enter Purchase Price (aka Acquisition Cost) | | | | | | | | | | | |
|------------------|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| | Age | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Value | % Dep. | 10 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| | Factor | 0.9 | 0.85 | 0.8 | 0.75 | 0.7 | 0.65 | 0.6 | 0.55 | 0.5 | 0.45 | 0.4 |
| \$100,000 | \$ ACV | 90,000 | 85,000 | 80,000 | 75,000 | 70,000 | 65,000 | 60,000 | 55,000 | 50,000 | 45,000 | 40,000 |
| | | | | | | | | | | | | |

MAXIMUM DEPRECIATION = 60 %

VALUATING **HYBRID** STRUCTURES:

- Q: How should you value a *Temporary Structure* that has had costly equipment, machinery, and other fixtures installed since acquisition?
- A: By adjusting the insured value to reflect these changes. (Examples to follow)

VALUATING **HYBRID** STRUCTURES:

- Definition of a *Hybrid Structure*:
 - “A *Temporary Structure* that has built-in equipment, built-in machinery, and other types of fixtures installed after the structure’s acquisition by a state agency”
- The combination of the *Temporary Structure* with the after-acquisition fixtures is what makes these *Hybrid Structures*
- A strict application of the *Temporary Structures Valuation Formula* (i.e., with no adjustments) might grossly undervalue a *Hybrid Structure’s* total ACV

VALUATING **HYBRID** STRUCTURES:

Hybrid Structures share characteristics of both *Temporary Structures* and *Permanent Buildings*



Dairy Barn



Bleacher



Communications Tower



Sawmill



Greenhouse



Grain Silo

VALUATING **HYBRID** STRUCTURES:

- To avoid undervaluing a *Hybrid Structure*, adjustments need to be made
- Adjustment Calculation for Hybrid Structures:

Using the *Temporary Structures Matrix Formula*, determine the structure's ACV

+

ACV of the after-acquisition equipment/machinery/fixtures

=

Hybrid Structure's ACV

- In other words, the after-acquisition equipment/machinery/fixtures are valued just like those in a *Permanent Building*

Hypothetical Example of a Hybrid Structure:

- Agency: University of Exceptionally Juicy Citrus (UEJC)
- Building Name: Greenhouse
- Acquisition Date: 1957
- Acquisition Cost: \$1,800
- Square Footage: 281
- Original Features: Concrete block knee wall; glass walls & ceiling



Hypothetical Example of a Hybrid Structure (cont.):



- In 2010 \$34,000 in new equipment/fixtures were installed, including a HVAC system



- In 2016 a windstorm destroyed the entire structure, including all fixtures and equipment

Hypothetical Example of a Hybrid Structure (cont.):

SCENARIO #1:

- Coverage at the time of loss:
 - Building: **\$1,200**
 - Contents: Zero
- Adjustment of Loss:
 - Application of *Temporary Structures Valuation Formula* to original structure plus adding ACV of the new equipment yields a \$26,000 ACV Loss.
 - However, given the agency failed to modify the coverage to reflect the increase in value, the net paid claim was at the policy limit of \$1,000.

SCENARIO #2:

- Coverage at the time of loss:
 - Building: **\$24,000**
 - Contents: Zero
- Adjustment of Loss:
 - Application of *Temporary Structures Valuation Formula* to original structure plus adding ACV of the new equipment yields a \$26,000 ACV Loss.
 - After applying the \$2,500 deductible, DRM paid UEJC **\$23,500**

Implication? Major changes in values should be *always* be matched by major changes in coverage!

VALUATION OF CONTENTS (PERSONAL PROPERTY)

▣ DEFINITION OF 'PERSONAL PROPERTY':

“A type of property which, in its most general definition, can include any asset other than real estate. The distinguishing factor between personal property and real estate is that personal property is movable. That is, the asset is not fixed permanently to one location as with real property such as land or buildings.”

[Source: Investopedia.com]

VALUATION OF CONTENTS (PERSONAL PROPERTY)

Formula for calculating the Actual Cash Value of a single item:

$$\text{RCV} - \text{Depreciation} = \text{ACV} *$$

[i.e., that item's current Replacement Cost Value minus applicable depreciation]

* Depending on the condition the item was in just prior to the loss, a condition adjustment might also be involved

VALUATION OF CONTENTS (PERSONAL PROPERTY)

Depreciation formula:

An item's age ÷ An item's useful life

To find the useful life of most items, consult a
Depreciation Schedule (easily found online)

VALUATION OF CONTENTS (PERSONAL PROPERTY)

Hypothetical Example of Depreciation Applied on an Individual Item:

| | |
|----------------------|--|
| Item: | Dell Desktop tower/CPU |
| Pre Loss Condition: | Excellent |
| Post Loss Condition: | Total Loss (i.e., not economically repairable) |
| Purchase Date: | 02/04/13 |
| Purchase Price: | \$873 (tax exempt) |
| Current RCV: | \$783 (tax exempt) |

Thus:

- 3 years old / 7 year useful life = 43% depreciation
- $\$783 \times .43 = \337 in depreciation
- $\$783 - \$337 = \$446$ ACV Loss
- Note that the original purchase price is superfluous in the calculation of ACV

VALUATION OF CONTENTS (PERSONAL PROPERTY)

- DRM recommends that the ACV personal property values at every eligible agency location be assessed at least once every three years.
- There are any number of methods for the valuation of contents for insurance purposes with many used concurrently to arrive at an insurable ACV at a given location.

Examples to follow

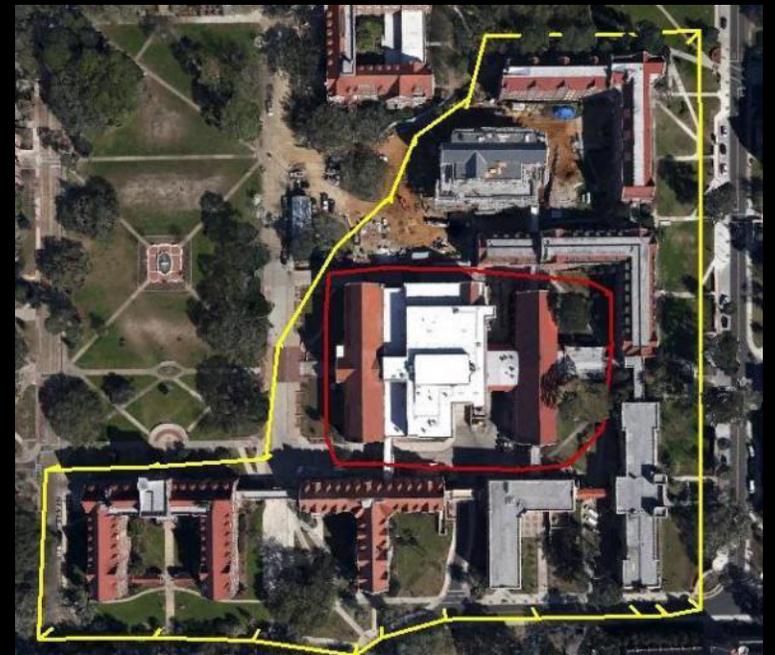
VALUATION OF CONTENTS (PERSONAL PROPERTY)

- Most state agencies track items above a certain cost (typically above \$1,000); however, the depreciation methodology used on a given item (e.g., straight line, accelerated, etc) typically doesn't reflect its *actual* ACV. This is particularly the case for older items, because DRM never depreciates more than 60%. Accordingly, to come up with a reasonably accurate ACV on a per location basis, periodic adjustments should be made to the inventory.

VALUATION OF CONTENTS (PERSONAL PROPERTY)

- For locations, like office buildings, where non-inventoried items account for a significant proportion of total ACV, these various and sundry items need to be considered. One quick, simple method to accomplish this is the so-called 'Cubicle Count'. The cubicle count involves disaggregating a location's offices by job title, size, function, or other attributes. The average ACV per cubicle would then be determined, with that number then multiplied by the number of such cubicles within the building. The sum of all the different cubicle categories will yield that location's total non-inventoried ACV. This total is then combined with the adjusted inventory to result in that location's contents coverage.

VII: PROPERTY SCHEDULE GUIDELINES



Remember: *'Property Not Covered'* is not to be considered as a part of any scheduled values



Bridges



Fences/Walls/Gates



Signs



Abandoned Buildings



Pilings, Piers, Wharves, Docks

Scheduling Rules of Thumb:

1) When in doubt **schedule** it!

[Though '*Property Not Covered*' should never be scheduled]

2) The more **tenuous** the connection between two or more buildings, the more likely those buildings should be scheduled separately

3) **Disaggregating** connected structures is safe, whereas **aggregating** connected structures can be problematic

4) Major changes in the value of an existing location (e.g., upgrades, new additions, partial demolition, etc) should **always** be matched by major changes in coverage

DEFINITION OF '**TENUOUS**':

- *adjective* ten·u·ous

: not certain, definite, or strong

: flimsy, weak, or uncertain

: very thin

synonyms: *slight, insubstantial, meager, flimsy, weak, doubtful, dubious, questionable, suspect, etc.*

[Source: Merriam-Webster]

Examples of **tenuous** connections between buildings:

- Covered walkways
- Narrow/thin roof connections
- Walls with no accompanying roof structure
- Pedestrian bridges
- Underground passages

DEFINITION OF 'AGGREGATE':

ag·gre·gate

Verb

To form or group into a class or cluster.

Example: "The butterflies aggregate in dense groups"

Synonyms: accrue, acquire, agglomerate, amalgamate, assemble, bring together, collect, compile, concentrate, draw together, gather, lump, incorporate, mass, pile up, round up, unite.

[Source: Merriam-Webster]

DEFINITION OF 'DISAGGREGATE':

dis·ag·gre·gate

verb

- 1. to separate from a group or mass*
- 2. to divide into parts*

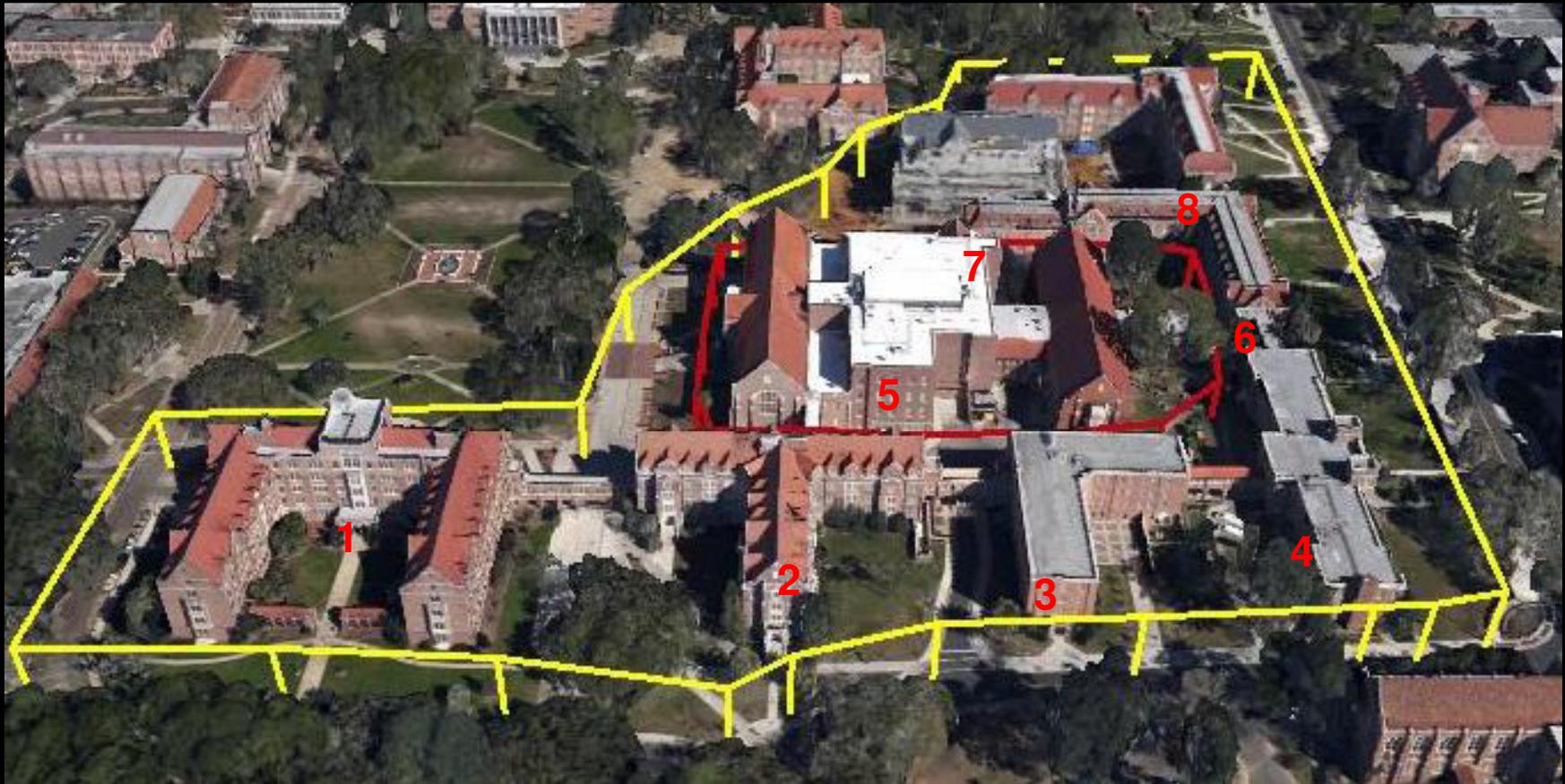
Example: *“A method for disaggregating cells”*

Synonyms: *distribute, decentralize, distill, itemize, breakdown, subdivide*

[Source: Merriam-Webster]

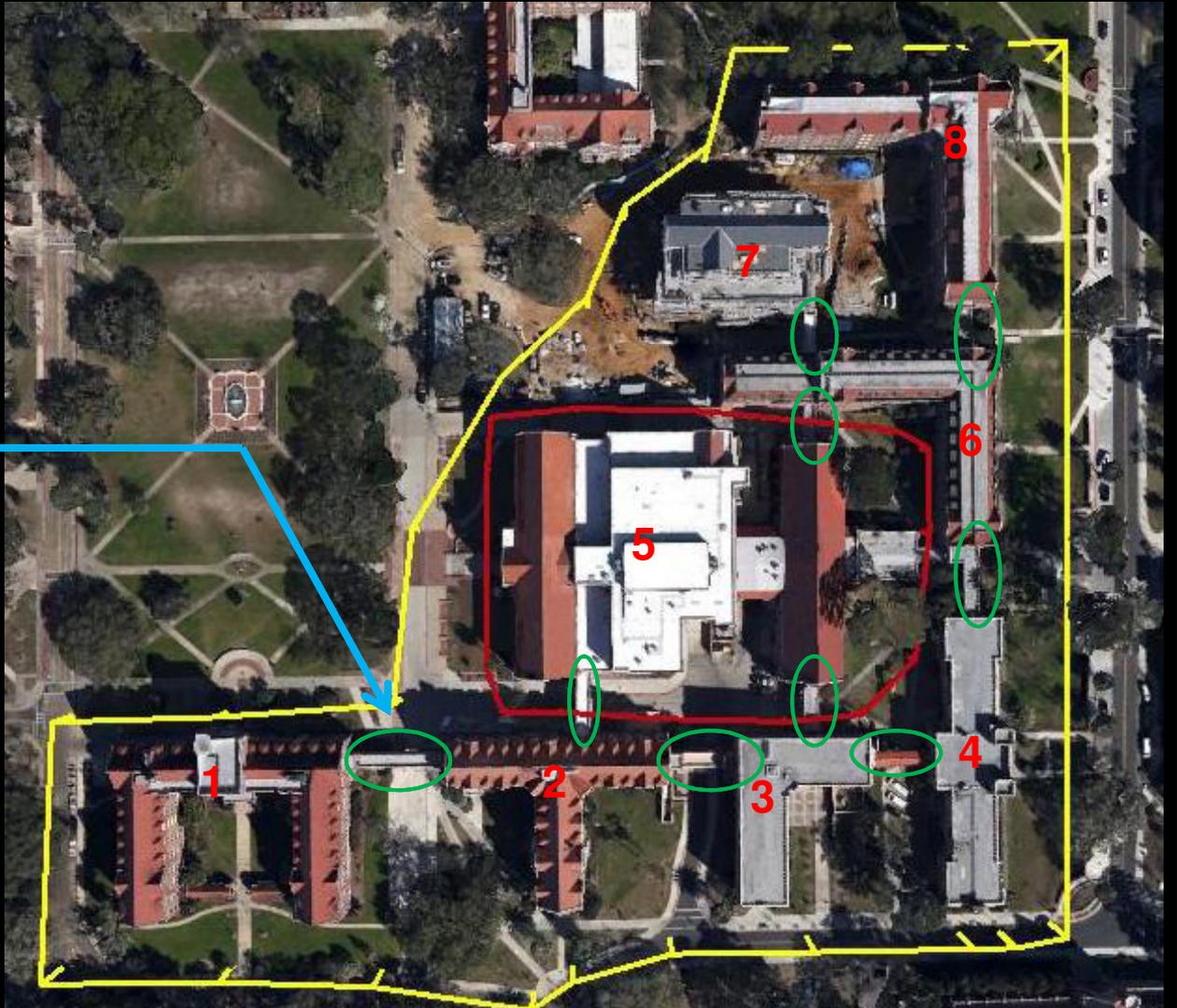
ILLUSTRATING SCHEDULING GUIDELINES VIA A TOUR OF PERMANENT BUILDINGS AND TEMPORARY STRUCTURES:





Here are at least eight distinct buildings (shown here within the yellow lines); with all eight being tenuously connected to one another via pedestrian bridges.

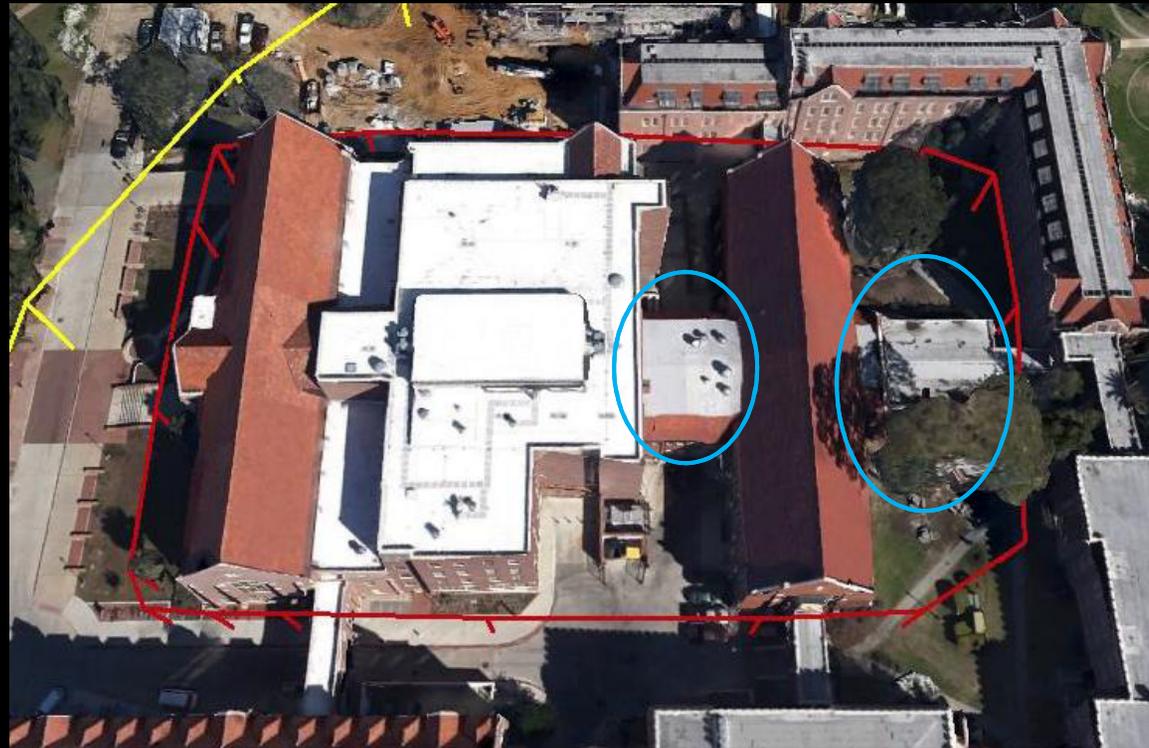
Here's an overhead view of the same buildings, with green ovals highlighting the pedestrian bridges.



- Again, bridges, including pedestrian, are not “Covered Property”. Thus, bridges automatically count as *tenuous* connection points between buildings.
- Therefore, in the previous example – and following DRM guidelines – individually schedule all of the buildings connected by these bridges as stand-alone structures (i.e., *disaggregate* them).
- Conversely, attempting to schedule these buildings as one continuous structure (i.e., *aggregating* them) would be *very* problematic – both for premium calculation and for any claims – and should therefore be avoided.

Non-Tenuously connected buildings:

In contrast, the buildings within the red lined area are non-tenuously connected. In other words, the two areas indicated by the blue ovals aren't strictly pedestrian bridges, per se. Accordingly, the agency has the option of scheduling these buildings as one continuous building, or to schedule them as at least two buildings.



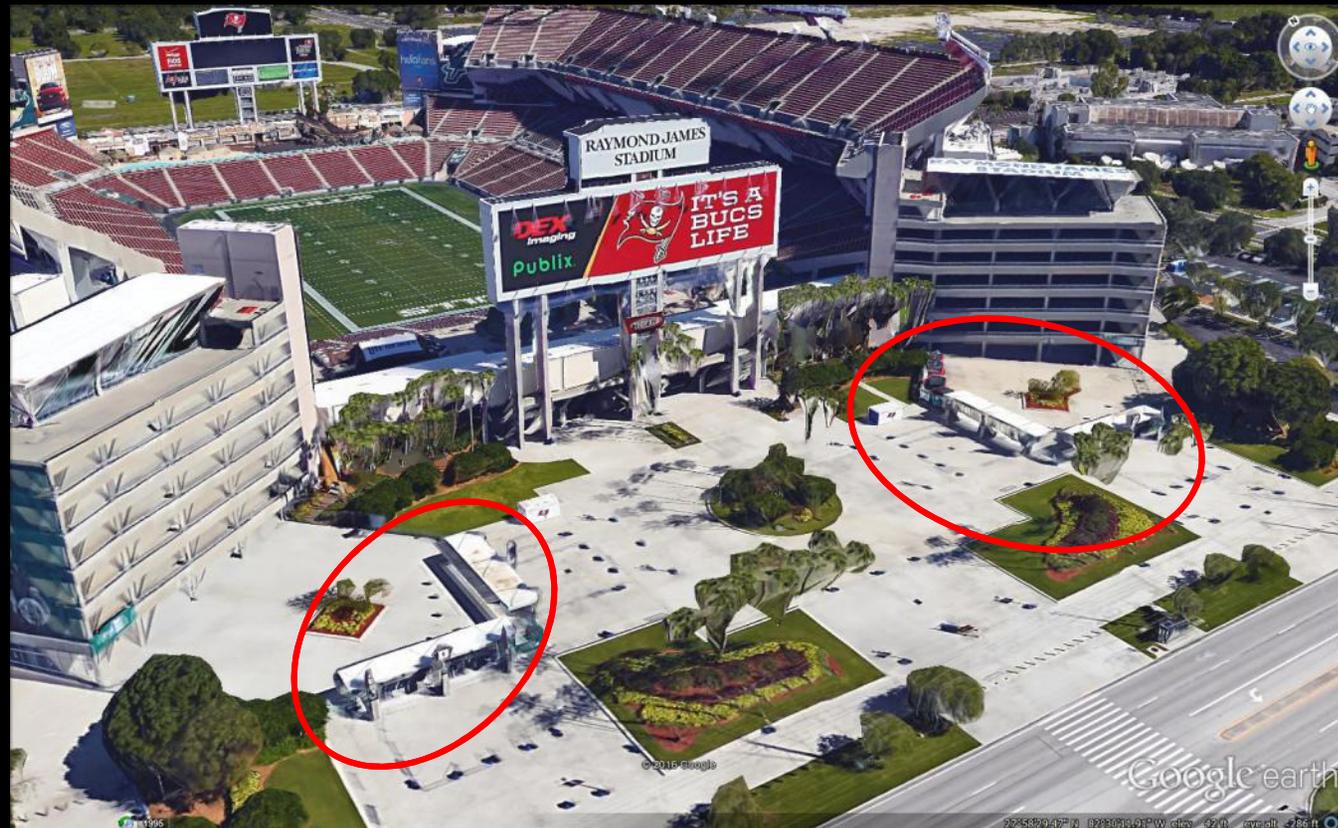
Non-Tenuously connected buildings (cont.):

Here are more examples of non-tenuously connected buildings. Under DRM guidelines you have the **option** of scheduling these jointly or individually.



Outbuildings vs. Main Buildings :

- If completely unconnected, these are never automatically included as part of a larger building. These *shall* therefore be individually scheduled
- Example: Assuming *Raymond James Stadium* and environs were state property the two ticket kiosk structures circled below should be individually scheduled.



Outbuildings vs. Main Buildings:

Example: Hermitage Centre



EXAMPLE: Here are two small concrete block outbuildings (red oval), both tenuously connected to each other by a block wall, though neither one is connected in any fashion to the adjacent Hermitage Building. Thus, all three buildings should be individually scheduled.

Naming Guidelines:

Whenever a building name has been changed, please alert DRM by submitting the appropriate coverage change request.

For example, if the structures shown here were later connected via a new addition (per the blue oval), and the building names were then changed from “Bldg A” and “Bldg B” to a single “Bldg T”, then please report this to DRM by adding Building T, while simultaneously requesting deletions of Bldg A and Bldg B.



Special rules for rating Generators, Transformers, and HVAC systems:

Assuming these are not part of a building, and not personal property, these should only be scheduled individually -- as *Temporary Structures* -- when they:

- a) Are beyond 100 feet from its parent building;
- **or** –
- b) Have an ACV over \$50,000 (note: \$25K higher than last year)

Otherwise, if they're attached to a building (including *within* a building), then include them as part of the parent building's ACV (i.e., as a part of a **Permanent Building**).

Note: The goal of this guideline is to reduce the time spent by property coordinators in individually scheduling these ubiquitous items, which exist in the thousands

Scenarios: Generators



Is 102 feet from a building and \$49K ACV.



Is 98 feet from a building and \$49K ACV.



Is 98 feet from a building and \$51K ACV.



Is 102 feet from a building and \$51K ACV.

Scenarios: Pad Transformers



Is 102 feet from a building and
\$49K ACV.



Is 98 feet from a building and \$49K
ACV.



Is 98 feet from a building and \$51K
ACV.



Is 102 feet from a building and
\$51K ACV.

Scenarios: HVAC Systems (condensing units)



This large condensing unit is 99 feet from a scheduled building, and has a \$200K ACV.



These small condensing units are all within 20 feet of scheduled building; and have ACV's < \$50K.

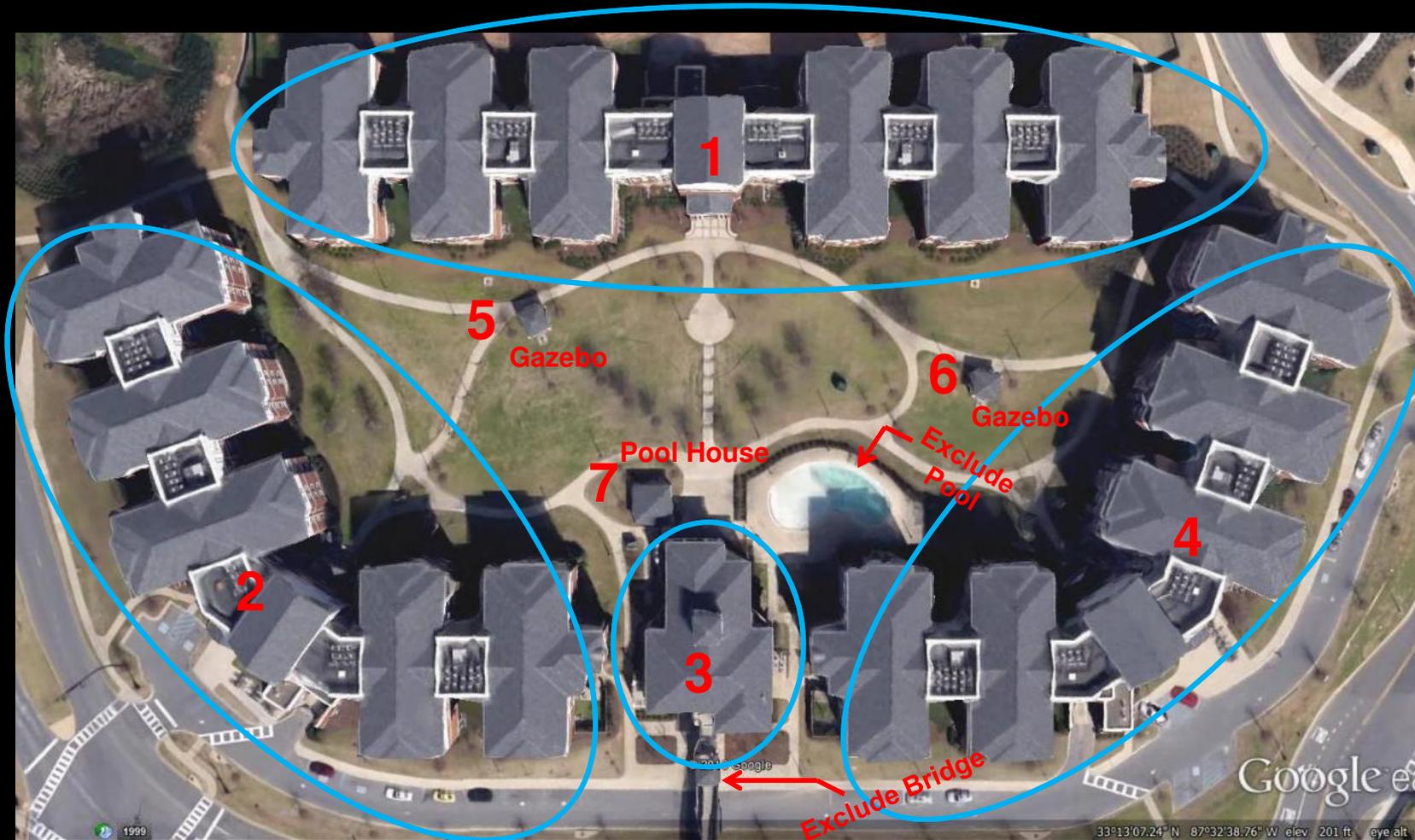
Scenarios: College Dorms

- Question: How many buildings/structures should you schedule?



Scenarios: College Dorms (cont.)

- Answer: seven



Scenarios: Baseball Field

Assumptions:

- The built-in batting cage is composed of metal poles that are mounted atop a concrete pad and covered with vinyl mesh
- The four aluminum bleachers are not attached to the ground
- Both dugouts have concrete block walls and a wood-framed roof structure



Scenarios: Baseball Field (cont.)

Answers:

- Schedule the built-in batting cage as a **Temporary Structure**
- Schedule the Press Box/Storage and the two dugouts as **Buildings**
- Assign the four portable bleachers and portable batting cage to the Press Box, or one of the dugouts, as **Contents**
- **Exclude** the scoreboard, fences, light poles, and all other 'Property Not Covered'



Scenarios: Miscellaneous



Window HVAC Unit



Floor-Mounted Range



Drop-in Range

Scenarios: Miscellaneous



Carpeting



Rug



Curtains



Curtain Rods

Scenarios: Miscellaneous



Generator: Small & portable



Generator: Mounted inside a Permanent Building

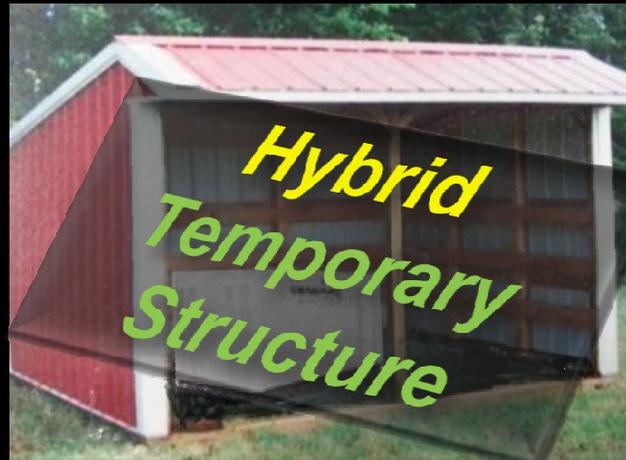


Generator: mounted on the roof of a permanent building

Scenarios: Miscellaneous



Generator: sitting on a portable flatbed trailer



Generator: permanently mounted inside a temporary structure (one with slab floor)

VIII: THE DRM CLAIMS PROCESS



THE **SEVEN** STEPS OF THE DRM CLAIMS PROCESS:

- 1) Mitigation
- 2) Preservation of Evidence & Salvage
- 3) Notification (i.e., *Notice of Loss form*, plus *Statement of Lightning Loss form*, if applicable)
- 4) Documentation (e.g., Estimates, Invoices, Receipts, Photos, etc)
- 5) Full Cooperation with DRM
- 6) Review of Closing Documents & Claim Settlement (i.e., *Claim Worksheet & Proof of Loss*)
- 7) Repairs: Monitor Control & Payment

STEP 1: MITIGATION

Your Duties in the Event of Loss or Damage:

“Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss”

Bottom line: **PROTECT YOUR PROPERTY!**

STEP 2: PRESERVATION OF EVIDENCE & SALVAGE

Your Duties in the Event of Loss or Damage:

“You must do everything necessary to secure our (DRM’s) rights and must do nothing after loss to impair them”

Bottom line: PROTECT DRM’S SUBROGATION
& SALVAGE RIGHTS!

STEP 2: PRESERVATION OF EVIDENCE & SALVAGE (cont.)

- For any significant dollar claim, where the cause of loss was not due to an *Act of God*, it's essential to preserve the point of origin of the loss as much as possible until DRM has had the opportunity to have it inspected. Therefore, **your** duty is to ensure that the point of origin is disturbed as little as possible. Otherwise, there is the risk of **spoliation of the evidence**.

[Note: Your agency general counsel can be a good source of assistance on preserving/tagging evidence.]

- Do not commence any repair or replacement— except mitigation/clean-up which does **not** destroy evidence of the loss — prior to providing DRM the opportunity to inspect the loss.

STEP 2: PRESERVATION OF EVIDENCE & SALVAGE (cont.)

- To facilitate DRM's inspection, it is **your** duty, when requested, to separate the damaged from the undamaged
- Any damaged contents of possible salvage value – especially electronics and machinery – **shall be retained indefinitely** until the claim is concluded (or until their disposal is approved in writing by DRM).

STEP 3: NOTIFICATION

Your Duties in the Event of Loss or Damage:

“Give prompt notice, by telephone, of the loss or damage to us so we may inspect the damage prior to commencing with repairs and then follow up with a written ‘Notice of Loss Form’”

Bottom line: **DON'T WAIT TO REPORT
THE CLAIM!**

STEP 3: NOTIFICATION (cont.)

NOTE: ONCE THE NEW
ORIGAMI INCIDENT
REPORTING PORTAL IS
RELEASED IN LATE
SPRING 2016, IT WILL
SUPERSEDE THESE
INSTRUCTIONS

- Complete online *Notice of Property Loss* form
- Form DFS-D0-854
<https://apps.fldfs.com/RiskManagement/PropertyLoss.aspx>
- A separate Notice of Loss form is required for *each* involved scheduled location

Exception: When a location is damaged by flood, and there was simultaneous damage from other perils (e.g., wind & lightning), you need to submit one loss notice for the flood damage and one loss notice for the other peril(s).

STEP 3: NOTIFICATION (cont.)

- Assuming it's a **permanent building** or a **temporary structure**, if the damaged building is not on the property schedule, and it wasn't added within the 30 days of the loss, then it's not a covered loss. [**i.e., no scheduled location = no claim!**]
- List the location of loss on the *Notice of Property Loss* **EXACTLY** as it is listed on the property schedule (i.e., use the same exact spelling of the name, and the full eight digit location number)!

Note: If you've changed the name of the damaged building since the last scheduling deadline, please notify DRM

STEP 3: NOTIFICATION (cont.)

- In the event of a **fire** related loss, or any type of loss that caused damage to a fire alarm system, you *shall*, per Florida statute, report this to the State Fire Marshall

Marshall]

[Note: Don't confuse State Fire Marshall with City or County Fire

STEP 4: DOCUMENTATION

(PROVIDE EVIDENTIARY PROOF OF **YOUR** CLAIM)

Your Duties in the Event of Loss or Damage:

“Give us complete inventories of the damaged and undamaged property. Including quantities, original purchase dates, costs, values, current replacement costs, and amount of loss claimed... This includes providing us with detailed invoices and payment evidence to document claim expenses.”

Bottom line: THE BURDEN OF PROVING THE CLAIM RESTS WITH THE AGENCY!

STEP 4: DOCUMENTATION (cont.)

- Photos: Submit a sufficient number, showing the pre-repair conditions, to fully document the loss
[Note: for special instructions on photos, see section VIII]
- All documents, including photos, should have the building number written or captioned on the document; or the DRM claim number, whichever is available

STEP 4: DOCUMENTATION (cont.)

- Do **not** submit multiple claim materials within the same email or packet without first clearly identifying which building and/or claim number that these materials belong with.

[Suggestion: send only one email per claim; or create a separate attachment for each claim within a single email.]

STEP 4: DOCUMENTATION (cont.)

- Invoices/estimates should clearly show quantity, unit price, and total cost, of each item damaged
[DRM will not accept lump sum invoice/estimates!]
- DRM reserves the right to have the agency solicit competing bids (i.e., two or more for the same damage).
- If applicable, mark the location of the *Point of Origin* of the loss on a sketch or floor plan.

STEP 4: DOCUMENTATION (cont.)

- If multiple rooms were damaged, provide a floor plan, with dimensions.
- Provide policy information on any other insurance coverage in effect – including product warranties – together with any insurance proceeds received or expected.

STEP 4: DOCUMENTATION (cont.)

- Provide any architectural reports, engineering reports, and/or any internally produced damage assessments of the loss.
- Provide any paid invoices for *Emergency Preventive Measures* (e.g., water extraction, installation of roof tarps, etc.)

STEP 4: DOCUMENTATION (cont.)

For **contents** losses:

- Complete a *Contents Inventory* (usually submitted on an MS Excel template provided by DRM)
- Provide proof of purchase, including the acquisition date.

STEP 4: DOCUMENTATION (cont.)

EMAILING PROTOCOL:

Email is DRM's preferred delivery method for documents, including photos; however, when emailing more than **10mb** at a time (the limit of our server), please use the following service:

- "**Attach**", a free service provided by DFS, is available for both internal and external clients and allows up to **2GB** of secure data transmission.
- Their website can be found here: <https://attach.fldfs.com> and it's as simple as completing an email; and it doesn't require registration.
- For agency users, use the right icon to send out large files.
- Instructions on how to use the service can be found here (both internal and external):
<http://dfsintranet.fldoi.gov/dis/solutionsservices/SitePages/Attach.aspx>.

STEP 5: COOPERATION

Your Duties in the Event of Loss or Damage:

“Cooperate with us in the investigation or settlement of the claim.”

Bottom line:

NO COOPERATION = NO PAYMENT

STEP 5: COOPERATION (cont.)

- Full Cooperation extends to York Risk, and other third-parties hired by DRM through York (e.g., Professional Engineers, Appraisers, etc.)
- The York Field Adjuster is DRM's eyes and ears on the loss.
- The York Field Adjuster works for DRM, not the agency
- The communication chain-of-command flows from DRM to York Risk, then to the Agency, and then back

STEP 5: COOPERATION (cont.)

- To give you insight into the role of the York Field Adjuster, the following pages include a copy of DRM's standard field adjuster instructions/guidelines

INSTRUCTIONS/GUIDELINES FOR YORK RISK

- ▣ DRM's #1 expectation for York Field Adjuster: Take control of the claim! The FA, while always being polite and professional, is to lead the agency and vendors through the claim process; and not the other way around! Also, do not be passive or dilatory; we expect you to promptly write your own estimate(s).
- ▣ All assignments, unless explicitly noted below, are for FULL ADJUSTMENT (i.e., confirm coverage, determine scope of damage, identify any salvage or subrogation opportunities, prepare agreed estimate and contents inventory, etc).

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

- ▣ Reference our claim number, within '< >', on the subject line of all emails (e.g., <60041501446>)
- ▣ Authorization of repairs/replacement, and payment of same, is the sole responsibility of the involved agency; however, please advise the agency contact to defer payment until the claim is concluded.
- ▣ Any special fees or activities must be pre-approved in writing by the handling Specialist, including hours exceeding above authorization. Do not interim bill without approval from handling Specialist.

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

▣ Coverage:

- FA is responsible for confirming coverage. A copy of our main form, the *Certificate of Property Coverage* (DFS-DO-852), can be downloaded from this web link:
<http://www.myfloridacfo.com/Division/Risk/Property/Default.htm> . Do NOT abrogate your responsibility to confirm coverage!
- Coverage for both building and contents is always at ACV. Depreciation is not recoverable; however, never depreciate any item more than 60%.

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

▣ Coverage (cont.):

- This is a named peril policy (i.e., not all-risk).
- Bring any potential coverage issues, or other matters of possible dispute, to the prompt attention of the handling Specialist.
- Deductibles: \$2,500 deductible per certificate for every peril except flood; food losses have a \$1,000 deductible per location, as do Rental Value claims.

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

▣ Flood Losses:

- To be handled only by a FEMA certified FA. Coverage wise, DRM adopts the NFIP's General Property Form. [Note: If you discover flood damage on a Fire & Extended Coverage assignment, and vice-versa, please immediately alert DRM. These losses are broken down into two claims, even if at the same scheduled location.]

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

▣ Reporting:

- Full captioned (i.e., standard property captions, including **COVERAGE, CAUSE OF LOSS, RISK, SUBROGATION, SALVAGE, RECOMMENDATIONS**, etc).
[‘Insured’ = State of Florida; ‘Claimant’ = the involved state agency]
- Reports should contain only known facts; and not speculation, conjecture, or opinion.

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

▣ Reporting (cont.):

- Avoid boilerplate language. Avoid repetitive comments; especially in subsequent reports.
- Insert the certificate location/building name as a header on every page; insert the page number as a footer on every page.
- Clearly state whether or not you've reached agreement on the amount of loss with the vendor and/or agency contact.

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

▣ Reporting (cont.):

- **Building ITV:** Only to be submitted on actual or potential total losses, as there is no co-insurance clause.
- Alert DRM, within an **UNDERWRITING** caption, as to any hazardous condition(s).
- *Clearly* recap by coverage (building and contents) the amount of the RCV loss, depreciation, and ACV loss.

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

▣ Estimating/Xactimate:

- DRM's expects the FA to prepare his or her own detailed Xactimate estimate. Avoid lumping items, except certain miscellaneous and complex bid items, all into one room unless just one room or area is involved. **If your estimate is lower than the vendor's, then try to get the vendor to accept your estimate as the basis of the claim.**
- **Photos:** Include a sufficient amount to fully document the loss, including at least one photo of the risk and one of any building name or number. For high value equipment, machinery, and appliances, include close-up of ID plate.

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

▣ Estimating/Xactimate:

- **Printing:** Set for '*with/without depreciation*' and always include '*Room*' & '*Category*' pages.
- **Depreciation:** Is not recoverable. Never depreciate any item more than 60%. When applying this to any high-dollar items – such as roofs, carpets, & appliances – insert a 'Note' field and list the item's age and useful life.

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

▣ Estimating/Xactimate (cont.):

- **Sales Taxes:** Our agencies have tax exempt status; though this only applies when an agency makes, or intends to make, a *direct* purchase of an item. In general, the Xactimate estimate *should* include applicable sales tax, whereas the contents inventory should not.
- All estimates and inventories are subject to the approval of the handling Specialist.

INSTRUCTIONS/GUIDELINES FOR YORK RISK (cont.):

▣ Proof of Loss:

- Unless noted otherwise, York is not responsible for securing a signed POL.

▣ Use of Experts:

- Prior written approval needed from handling Specialist. Any approved expert's invoice is to be paid by York and then included within the York billing statement.

SPECIAL INFORMATION AND/OR INSTRUCTIONS REGARDING THIS ASSIGNMENT (IF ANY):

[manually enter any comments]

STEP 6: REVIEW OF CLOSING DOCUMENTS & CLAIM SETTLEMENT

- Once the loss is finalized, and assuming the claim is not denied, DRM presents the closing documents for your review (i.e., *Claim Summary & Proof of Loss*).
- You have 30 days to sign and return the *Proof of Loss*; or submit a written contest to the proposed settlement.

Bottom line: **PLEASE RESPOND WITHIN 30 DAY OF RECEIPT!**

STEP 6: REVIEW OF CLOSING DOCUMENTS & CLAIM SETTLEMENT (CONT.)

Two forms, each completed by DRM, constitute the closing settlement documents on every paid claim:

1. ***Claim Summary*** (includes the *Damage Assessment Worksheet*)
2. ***Proof of Loss*** (the only form the agency signs and returns)

STEP 6: REVIEW CLOSING DOCUMENTS & CLAIM SETTLEMENT (CONT.)

1) Claim Summary:

- This *Claims Summary* lists the items which are eligible for payment.
- The total amount of the claim is calculated as follows:

RCV minus DEPRECIATION minus DEDUCTIBLE equals
TOTAL PAYABLE CLAIM AT ACV

- If prepared by a York Field Adjuster the *Summary* must be approved by DRM before it is submitted to the agency



Department of Financial Services
Division of Risk Management

**TOP HALF OF
CLAIM SUMMARY**

CLAIM SUMMARY

| | | | |
|-------------------------------------|--|---|--------------|
| CLAIM NUMBER: | 134-149501-027/06 | INSPECTION DATE/TIME: | 6/3/2014 |
| DATE/TIME OF LOSS: | 5/2/2014 | CAUSE OF LOSS: | Flood |
| STATE AGENCY: | University of South Florida | | |
| CERTIFICATE: | 149501 | BUILDING NUMBER: | 66 |
| BUILDING NAME: | Education Building | | |
| COUNTY: | Hillsborough | | |
| STREET ADDRESS: | 4110 USF Apple Drive, Tampa, FL | | |
| CONTACT PERSON: | Suzanne Edinger | PHONE NUMBER: | 813-974-5720 |
| DAMAGES TO: (Mark one line only) | | BUILDING & CONTENTS | |
| | | <input checked="" type="checkbox"/> BUILDING ONLY | |
| | | CONTENTS ONLY | |
| BUILDING DIMENSIONS: | 135,941 s.f. | | |
| TYPE OF CONSTRUCTION: | Reinforced concrete | | |
| SCOPE OF DAMAGES: | Flood waters coming through doors damaged the following rooms: 102 105 A C | | |

Flood waters coming through doors damaged the following rooms:

- 102
 - 105 A-Q
 - 106 A-Q
 - 108
 - 109
 - 110
 - 111
 - 114
 - 115
- basement
basement
basement

BOTTOM HALF OF CLAIM SUMMARY

NOTES:

The above noted rooms met FEMA's definition of 'basement', which means there are several restrictions on coverage [e.g., ZERO coverage for contents, millwork, doors, wall or floor finishes (including paint, carpeting, drywall finishing/taping), etc].

Build-back repairs are those covered items that take place AFTER remediation and water extraction are completed.

| | | |
|---|----|-----------|
| Estimated "build-back" RCV repair cost, per York estimate =====> | \$ | 7,669.09 |
| Estimated RCV repair cost of non-covered items, per York estimate =====> | \$ | 12,506.77 |
| Estimated cost for water extraction and mediation, per York estimate =====> | \$ | 85,648.30 |

In contrast, the ServiceMASTER invoice was for \$109,896.36. This was not submitted in Xactimate format. Also, it contained excessive labor rates, excessive equipment rates, and excessive fuel charges

| | | |
|---------------------------------|--------------------------|-------------------------|
| FIELD ESTIMATE OF REPAIR COSTS: | | Various - see estimates |
| FIELD INSPECTOR: | Michael Baril, York Risk | ADJUSTER: Wade Short |

| | | | INSPECTION DATE/TIME: 6/3/14 | | | |
|------------|--------------|-----------------|------------------------------|------------|--------------|--------------|
| UNDED COST | TOTAL COST | OH&P PERCENTAGE | TOTAL COST INCL. OH&P | DEPR. RATE | DEPR. AMOUNT | DEPR. COST |
| - | 7,669.09 | | 7,669.09 | | 1,597.76 | 6,071.33 |
| - | 85,648.30 | | 85,648.30 | | - | 85,648.30 |
| - | - | | - | | - | - |
| - | - | | - | | - | - |
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| - | - | | - | | - | - |
| - | - | | - | | - | - |
| - | - | | - | | - | - |
| - | - | | - | | - | - |
| - | \$ 93,317.39 | | \$ 93,317.39 | | \$ 1,597.76 | \$ 91,719.63 |

RIGHT SIDE OF DAMAGE ASSESSMENT WORKSHEET

| | | |
|-----------------------------------|--|---------------------|
| CLAIM SUMMARY: | | |
| REPLACEMENT COST VALUE (RCV) LOSS | | \$ 93,317.39 |
| LESS DEPRECIATION | | \$ (1,597.76) |
| ACTUAL CASH VALUE (ACV) LOSS | | \$ 91,719.63 |
| LESS DEDUCTIBLE: | | \$ (1,000.00) |
| NET PAYABLE CLAIM | | \$ 90,719.63 |

APPROVED BY:
(Division Director)

DATE:

STEP 6: REVIEW OF CLOSING DOCUMENTS & CLAIM SETTLEMENT (CONT.)

2) Proof of Loss:

- Once the *Claim Summary* has been approved, both it and the *Proof* are emailed to the agency for review and signature.
- DRM also requires an agency W-9 form, plus the name and address of the person designated to receive the claim payment.
- Once the signed *Proof* has been received, a check request to the *Fund* is initiated with the check being mailed to the designated addressee.



DEPARTMENT OF FINANCIAL SERVICES
Division of Risk Management

**TOP HALF OF
 PROOF OF LOSS**

**STATE RISK MANAGEMENT TRUST FUND
 CERTIFICATE OF PROOF OF LOSS**

| | | | |
|---------------------|-------------------|---------------------|------------|
| AMOUNT OF COVERAGE: | \$ 759,133,190.00 | CERTIFICATE NUMBER: | 149501 |
| ISSUED: | 07/01/13 | EXPIRES: | 06/30/14 |
| CLAIM NUMBER: | 134-149501-027/06 | RM ADJUSTER: | Wade Short |

TO THE STATE RISK MANAGEMENT TRUST FUND OF THE DEPARTMENT OF FINANCIAL SERVICES; BY THE ABOVE INDICATED CERTIFICATE OF INSURANCE YOU INSURED:

University of South Florida

IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE CURRENT STATE RISK MANAGEMENT TRUST FUND CERTIFICATE AND SECTION 284.01, FLORIDA STATUTES.

| | | | | | |
|---------------|----------|---------------|-----|--------|-------|
| DATE OF LOSS: | 05/02/14 | TIME OF LOSS: | Unk | CAUSE: | Flood |
|---------------|----------|---------------|-----|--------|-------|

| | |
|---|---|
| LOCATION & DESCRIPTION: THE BUILDING AND/OR PROPERTY SUSTAINING SAID LOSS WAS DESCRIBED AS: | Bldg. 66 – Education Building; 4110 USF Apple Drive, Tampa, FL [no contents damage] |
|---|---|

AND THE TITLE AND INTEREST OF WHICH ARE IN THE NAME OF THE STATE OF FLORIDA.

| | |
|--|-----------------|
| THE TOTAL AMOUNT OF INSURANCE UPON THE PROPERTY DESCRIBED WAS AT THE TIME OF LOSS: | \$21,790,500.00 |
| THE TOTAL AMOUNT CLAIMED UNDER THE ABOVE NUMBERED CERTIFICATE: | \$90,719.63 |
| NUMBER OF LOCATIONS INVOLVED IN LOSS: | 1 |

=====

management of the part of your insured. Nothing has been done by or with

OF LOSS.

THE TOTAL AMOUNT CLAIMED UNDER THE ABOVE NUMBERED CERTIFICATE: \$90,719.63

NUMBER OF LOCATIONS INVOLVED IN LOSS:

BOTTOM HALF OF PROOF OF LOSS

=====

The said loss did not originate by any act, design or procurement of the part of your insured. Nothing has been done by or with the privity or consent of your insured to violate the conditions of the policy or render it void. No articles are mentioned herein or in annexed schedules but such as were in the building damaged or destroyed, and belonging to, and in possession of the said insured at the time of said loss. No property saved has in any manner been concealed and no attempt to deceive the said Fund as to the extent of said loss has in any manner been made. Any other information that may be required will be furnished and considered a part of this Proof.

In consideration of and to the extent of said payment, the insured agency hereby subrogates the State Risk Management Trust Fund to all rights, claims and interest which the insured agency may have against any person or corporation liable for the loss mentioned above, and authorizes the State Risk Management Trust Fund to sue, compromise or settle in the insured agency's name.

The furnishing of this blank or the preparation of proofs by a representative of the State Risk Management Trust Fund is not a waiver of any of its rights.

CERTIFICATE OF PROOF OF LOSS

I hereby certify that all statements made on this proof of loss are true, and that I have read, understand and agree with the terms and conditions of coverage on this Proof of Loss. I further certify and/or agree that the agency assumes sole responsibility in the timely repair or replacement of the losses identified in the Claim Summary which is incorporated by reference in this certificate.

State of Florida, County of: _____

Insured Signature: _____ Date: _____

Title: _____

Witnessed by: _____ Date: _____

STEP 7: REPAIRS: MONITOR, CONTROL & PAYMENT

- It is the **sole** responsibility of the agency to hire, supervise, and pay repair contractors
- However, any repair supplement that the agency desires to add to their claim shall be approved in writing by DRM **before** the repairs addressed within the supplement have commenced

Bottom line: **IT'S YOUR AGENCY'S MONEY; USE IT WISELY!**

STEP 7: REPAIRS: MONITOR, CONTROL & PAYMENT (CONT.)

A special note on repairs performed by agency personnel:

In addition to the cost of direct materials, agency **overtime** labor *will* be considered if:

- a) it is incurred solely due to claim related-cleanup and repairs;
and
- b) such work is not within the normal scope of the employees' duties. In such cases, the agency must provide time sheets for each employee showing the hourly wage and reason for overtime, and an explanation of the actual work performed.

STEP 7: REPAIRS: MONITOR, CONTROL & PAYMENT (CONT.)

A special note on Sales Taxes:

The only time there is an exemption is when the agency purchases the materials directly.

STEP 7: REPAIRS: MONITOR, CONTROL & PAYMENT (CONT.)

A special note on Assignment of Benefit agreements:

Increasingly, Florida repair contractors are having policyholders sign *Assignment of Benefit* (AOB) agreements. This document is ostensibly intended to speed up the repair and claim process by contractually designating direct payment from the insurer. However, as recently reported by Citizens, the state-owned insurer, AOB-related fraud has led to increased property premiums, even in this historically long period of seasonable weather. Water extraction and mold remediation companies have been particularly aggressive in filing lawsuits against insurers, using the AOB to support their alleged grievances.

Given that payment of the contractor is the *sole* responsibility of the agency, it is DRM's position that no agency should ever sign an AOB.

IX: TIPS ON TAKING, STORING, AND FORWARDING DAMAGE PHOTOS



Important things to know regarding photos:

- 1) Take plenty of digital photos, and take them as quickly after the loss occurs as you can! [When it comes to photos, more is better than less.]
- 2) Don't assume that DRM will hire a Field Adjuster to inspect your loss!
- 3) For widespread losses, such as in a hurricane, organize and store your photos according to the following computer directory hierarchy:
 - **By Certificate Number**
 - **By Location Code (i.e., by building)**
 - **By room (or by area)**

For exterior damage, **start** out with overview photos of the involved building



....then provide close-ups of the damage



For fires, always start with the point of origin, then work your way out, from room to room, and from top to bottom, until you've photographed a good representation of the damage.

Make sure to photograph all pricey items.

It's also good to label the point of origin on your photos



For damaged equipment, electronics & manufactured temporary structures, **ALWAYS** take a close-up photo of the ID plate

AIR CONDITIONER

MODEL NO. NAC060AKC3 PART NO. 328858-4020
 SERIAL NO. E043350134 MFR NO. NAC060AKC3
 MAX FUSE OR CKT. BKR (HACR TYPE IN USA) 50 AMPS
 RATED VOLTAGE 208/230 PH 1 HZ 60
 VOLTAGE MIN. 197 MAX. 253
 MINIMUM CIRCUIT AMPACITY: 35.7

COMPRESSOR: HP PH FLA RLA LRA
 FAN: 1/3 1 1.9 27.1 144
 R-22 124 OZ

OUTDOOR UNIT SHIPPING CHARGED: R-22

METERING DEVICE: 93 INDOOR N/A OUTDOOR
 DESIGN PRESSURE (PSIG): HIGH 300 LOW 150 FOR OUTDOOR USE
 (KPa): HIGH 2068 (KPa): LOW 1034
 MAX DESIGN/WORKING PRESSURE: 700 PSIG 4826 KPA

Model Number NAC060AKC3
 Serial Number E043350134

UL US LISTED SECTION OF CONDENSING UNIT 3R39

INTERNATIONAL COMFORT PRODUCTS, LLC
 LEWISBURG, TN 37091
 CONTROL BOX ACCESS

WARNING
ADVERTISSEMENT
Electric Shock Hazard
 Turn OFF remote power before removing any panel.
 Turn OFF remote power before removing any panel.

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STAMFORD®

| | | | | |
|-----------------|-------------------|-----------|------------------------|----------------|
| SERIAL NUMBER | X13L511464 | | DUTY | STAND-BY (S10) |
| FRAME/CORE | [REDACTED] | | EXCITATION VOLTAGE V | 57.0 |
| FREQUENCY | 50 HERTZ | 60 HERTZ | EXCITATION CURRENT A | 2.5 |
| RPM | 1500 | 1800 | INSULATION CLASS | CLASS H |
| VOLTAGE | 400 | 440 | AMBIENT TEMPERATURE | 27 °C |
| PEAK RATING kVA | 275 0(PR) | 320 0(PR) | TEMPERATURE RISE | 163 K |
| PEAK RATING kW | 220.0 | 256.0 | THERMAL CLASSIFICATION | 100(H) |
| AMPERES PR | 396.9 | 419.9 | ENCLOSURE | IP23 |
| TL | 0.84 (ISO 8528-3) | | STATOR WINDING | 311 |
| PHASE | 3 | | STATOR CONNECTION | SERIES STAR |
| PP | 0.80 | | MOUNTING TYPE | IM B15 |
| AVR | AS440 | | COOLING METHOD | IC01 |
| WEIGHT kg | 727.00 | | | |

BASE CONTINUOUS RATING
 BS 5000 PARTS SEC 60034-1 ISO 8528-3
 NEMA MG 1-30 BS EN 60034-1

CE STAMFORD®

hp HEWLETT PACKARD
 13111 CHINDEN BLVD
 BOISE, IDAHO 83714
 USA

Número de Modelo para Regulaciones
 Regulatory Model Number
 801SB-0406-00

220-240V ~ AC
 50/60 HZ, 4.0A (4.0A)

Número de Producto
 Product No. Q5959A

Manufacturado
 Manufactured: May 18, 2006

Número de Serie
 Serial No. **CNHW6SKGHS**

Product of China
 Producto de China

Apparaten skall anslutas till jordat uttag
 Laite on liitettävä suojamaadoituskaskettimillä varustettuun pistoksesään
 Apparaten må tilkoples jordat stikkontakt

CE GS

AS EVIDENCED BY THIS LABEL NO. **FLA 554423**

THE MANUFACTURER CERTIFIES TO THE BEST OF THE MANUFACTURER'S KNOWLEDGE AND BELIEF THAT THIS MANUFACTURED HOME HAS BEEN INSPECTED IN ACCORDANCE WITH THE REQUIREMENTS OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND IS CONSTRUCTED IN CONFORMANCE WITH THE FEDERAL MANUFACTURED HOME CONSTRUCTION AND SAFETY STANDARDS IN EFFECT ON THE DATE OF MANUFACTURE. SEE DATA PLATE.

INSPECTED

Oct-15-2013 02:30 PM

For roofs, provide overview photos, then close-ups of the damage. For hail damage, try to use a scale (like a penny) to illustrate the size of a few random samples of damage; you can also randomly highlight impact hits with chalk

SUGGESTION: HAVE YOUR FACILITIES MANAGER OR A ROOFING CONTRACTOR TAKE THE PHOTOS WHILE YOU REMAIN ON THE GROUND!



For lightning claims, DRM likes to see photos showing physical manifestations of damage (e.g., melting, burn marks, etc)



Fan assembly, which also showed scorch marks



For **contents** damage, provide enough photos to substantiate the overall claim, and the nature of the damage. For claims involving several of the same class of items, we *still* need to see at least one photo for each and every high-dollar item (i.e., +\$2,000~)



X: Q & A Session



[PLEASE DON'T FORGET TO COMPLETE THE EVALUATION SHEET BEFORE YOU LEAVE!]