

Approved:



Department of Transportation

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Topic No. 010-000-020-h

PROPERTY INSURANCE

PURPOSE:

This procedure establishes the process for obtaining and maintaining insurance coverage from the State Risk Management Trust Fund and various commercial policies and the process to follow in case of accidental loss to property so insured.

AUTHORITY:

Sections 20.23(4)(a) and 334.048(3), Florida Statutes (F.S.)

SCOPE:

The requirements and process contained in this procedure guide all Property Delegates and Insurance Coordinators in performing their Property and Insurance management functions within the Florida Department of Transportation (Department).

REFERENCES:

Chapter 212, F.S.

Chapter 284, F.S.

Chapter 287, F.S.

Chapter 554, F.S.

Rule Chapter 69H-1, Florida Administrative Code (F.A.C.)

DEFINITIONS:

Acquisition Cost: Invoice price plus freight and installation charges less discounts. In determining cost, the trade-in allowance is added to the cost. In addition, the cost or value of any upgrade to a property item shall be added to the original cost.

Beneficial Completion Notice: A document that can be issued by the Department of Management Services (DMS) prior to obtaining a Certificate of Occupancy from DMS or other authorized entity. The issuance of this document allows the Department to install property or equipment in the structure prior to final inspection. At the point of beneficial

completion, the contractor continues to insure the structure, but property in the structure is not covered by the contractor.

Boiler: “. . . a closed vessel in which water or other liquid is heated, steam or vapor is generated, steam is superheated, or any combination of functions is accomplished, under pressure or vacuum, for use external to itself, by the direct application of energy from the combustion of fuels or from electricity or solar energy. The term “boiler” includes fired units for heating or vaporizing liquids other than water where these units are separate from processing systems and are complete within themselves." **Section 554.1021(1), F.S.**

Building Number: The building property identification number used to record a building or structure on the FLAIR Property Master File.

Certificate of Occupancy: A certificate issued by DMS or other authorized entity upon the inspection and approval of a completed structure, allowing the structure to be occupied.

Classification Code: A number used to commonly identify similar items of property within a general class group. Alphanumeric, one letter followed by nine numbers. The first four are state standard and the last six are agency specific.

CO-FIRM Administrators: An email distribution list that includes all members of the Office of the Comptroller (OOC), General Accounting Office (GAO), Property and Insurance section.

DFS: Department of Financial Services

DMS: Department of Management Services

DMS's Insurance Coverage Website: An internet site dedicated to sharing information related to the various commercial policies procured by DMS.
http://www.dms.myflorida.com/business_operations/state_purchasing/vendor_information/state_contracts_agreements_and_price_lists/insurance_coverage_program

Facility: A building or structure.

FIRM Database: The Facilities Inventory Reporting and Maintenance (FIRM) database is used by the Department to record information about the Department's facilities and non-Department owned facilities that house Department assets.

FLAIR: Florida Accounting Information Resource. The accounting system owned by DFS required to be used by all agencies of the State of Florida.

FLAIR Property Subsystem: Subsidiary file of FLAIR where detailed accounting information related to property is recorded. All accounting information in the FLAIR Property Subsystem relates directly to the Department's financial statements.

Full Time Equivalent (FTE): Department personnel having a workstation and equipment, working a forty-hour week (a share time position - two people at one desk - equals one FTE).

GAO: General Accounting Office

Insurance Coordinator: A delegate of each District Property Custodian, appointed to carry out this procedure as it applies to property for which the Property Custodian is responsible.

Location Code: A code recorded in the FLAIR Property Master File designating the physical location of an item of property, according to its county and building identification number.

Master Listing SharePoint: An intranet site dedicated to tracking information related to the Department's property schedule for the State Risk Management Trust Fund. This site is maintained by the OOC-GAO Property and Insurance section.

<http://cosharepoint.dot.state.fl.us/sites/OOC/GAO/PI/Lists/Master%20Listing/AllItems.aspx>

OOC: Office of the Comptroller

Property Custodian: Any elected or appointed state officer, board, commission or authority, and any other person or agency entitled to lawful custody of property owned by the State. Administrative functions related to tracking of property may be assigned to a Property Delegate. The final responsibility for property management and control is assigned to the designated Cost Center Manager. Within the Department, the following positions have been designated as Property Custodians:

Districts:	District Secretary
Rail Enterprise:	Executive Director
Turnpike Enterprise:	Executive Director
Central Office:	Secretary of Transportation or Assistant Secretaries

Property Insurance SharePoint site: An intranet site dedicated to sharing information related to the Department's property insurance. This site is maintained by the OOC-GAO, Property and Insurance section.

<http://cosharepoint.dot.state.fl.us/sites/OOC/GAO/PI/default.aspx>

Replacement Cost: The estimated amount of cash or cash equivalent that would have to be paid to currently acquire the same or an equivalent asset.

State Risk Management Trust Fund: Self- insurance fund created pursuant to **Chapter 284, F.S.**, administered by DFS, Division of Risk Management, and providing insurance coverage to the Department and other state agencies.

Substantial Completion Notice: A document that can be issued by DMS prior to obtaining a Certificate of Occupancy from DMS or other entity. The issuance of this document indicates the structure has been completed by the contractor except for minor repairs. Substantial completion is the point at which the contractor is no longer required to insure the structure.

Tangible Personal Property: As defined by **Section 212.02 (19), F.S.**, personal property which may be seen, weighed, measured, or touched or is in any manner perceptible to the senses, including electric power or energy, boats, motor vehicles, and mobile homes as defined in **Sections 320.01 (1) and (2), F.S.**, aircraft as defined in **Section 330.27, F.S.**, and all other types of vehicles.

1. STATE RISK MANAGEMENT TRUST FUND

“The fund shall insure all buildings, whether financed in whole or in part by revenue bonds or certificates, and the contents thereof or any other buildings leased or rented by the State.” **Section 284.01(2), F.S.** Coverage will be provided “. . . against loss from fire, lightning, sinkholes, and hazards customarily insured by extended coverage and loss from the removal of personal property from such properties when endangered by covered perils.” **Section 284.01(1), F.S.** A copy of the Certificate of Property Coverage ascertaining the scope of coverage is provided on the OOC-GAO Property Insurance SharePoint site and by the link below.

<http://www.myfloridacfo.com/Division/Risk/Property/DFS-D0-852.dotx>

1.2 PROPERTY INSURANCE VALUES

Property shall be valued at the actual cash value (replacement cost less depreciation). Replacement cost can be more or less than the capitalized cost, recorded in FLAIR, because it represents the cost to buy or build the property today. Additional information on determining replacement cost is provided in the following sections. The amount of insurance reimbursement will never exceed the actual cash value or the insured value.

For purposes of depreciation, DFS breaks property down into two categories: permanent buildings and temporary structures and equipment. Property should only be depreciated to 40% of its replacement value.

1.2.1 Permanent Buildings

Permanent buildings generally have a solid foundation and construction, utilities, and occupiable and conditioned spaces. Actual cash value will be reported to DFS by taking the replacement value, provided in FIRM, and applying the depreciation scale used by DFS for permanent buildings. This scale is provided on the Property Insurance SharePoint site.

The OOC-GAO Property and Insurance section has developed the Replacement Value Calculator SharePoint site to facilitate the calculation of replacement value for permanent buildings.

1.2.2 Temporary Structures and Equipment

Temporary structures and equipment generally do not appreciate over time. The replacement value for temporary structures and equipment is equal to the purchase price for a new item. The depreciation scale used for temporary structures is provided on the Property Insurance SharePoint site.

1.3 OBTAINING COVERAGE

1.3.1 Buildings and Structures

Within 15 calendar days following the acquisition or completion of construction, all buildings or structures must be added to the FIRM database. A computer based training module has been developed to provide instructions on properly entering information into the FIRM database, link below.

<http://cbt.dot.state.fl.us/ois/FIRM/index.htm>

When information is added and/or updated in FIRM, a notification email is sent to the OOC-GAO Property & Insurance section.

In addition to the information required to enter a new facility into FIRM, a completed **Insurance Coverage Request (Form No. 010-000-15)** and pictures of the facility must also be uploaded to FIRM. The pictures establish the condition of the facility in the event of a loss. The pictures must clearly show the facility from all sides and include the roof.

Within 5 calendar days of a completed insurance coverage request form and pictures being uploaded into FIRM, the OOC-GAO Property & Insurance section will calculate the actual cash value for the facility, check for any related content value (see **Section 1.5.2 Furniture and Equipment**) and submit the request to DFS, along with the pictures.

At the beginning of each month, the insurable values that are reported to DFS are uploaded into FIRM and provided on the Insurance tab. If you do not see an insurable value provided for your facility, please contact the OOC-GAO Property & Insurance section by sending an email to [CO-FIRMAdministrators](#).

1.3.2 Furniture and Equipment

The value reported to DFS for furniture and equipment (content) is calculated by adding the content value listed in FLAIR, the additional content value listed in FIRM, and the numbers of FTEs, listed in FIRM, times the amount calculated by the Legislature, attributed to the supplies assigned to each full time position.

The content value listed in FLAIR for each facility is calculated by adding together the acquisition cost for all property recorded in general ledger code 276** (Furniture and Equipment) and coded as residing inside the building (floor code=99, outside is excluded). No depreciation is calculated when submitting these values to DFS.

The additional content value listing in FIRM represents all property that resides in the facility that is not recorded in FLAIR. An example of additional content would be spare parts. A brief description of what is included in the calculation of additional content is required to be provided. This will help facilitate updating the value when property is added or removed from the facility.

Each year the Legislative Budget Request Instruction Package includes an attachment labeled "Expense and Human Resource Services Assessment Package." The content value that is attributable to each FTE is calculated by adding the nonrecurring costs for telephone, file cabinet, bookcase, desk, chair, docking station and the total cost for office supplies, including calculator.

This amount is updated to the Master Listing SharePoint site in the calculation for content value to be reported to DFS. It is multiplied by the number of FTEs recorded for each facility. The Master Listing SharePoint site is used by the OOC-GAO Property and Insurance section to reconcile the information that is received from FLAIR with the information that is sent to and received from DFS.

1.4 UPDATING VALUES

As changes to facilities occur throughout the year, the Insurance Coordinator is responsible for promptly updating FIRM. As notification of these changes is received by the OOC-GAO Property and Insurance section, they will update the Master Listing SharePoint site and send changes, that result in a 10% or greater change in insurable value, over to DFS.

Quarterly, the OOC-GAO Property and Insurance section will reconcile the active buildings in FIRM with the information recorded in FLAIR and the Master Listing SharePoint site. Any differences will be brought to the attention of the appropriate Insurance Coordinator for correction.

Annually, the Insurance Coordinator should review the active facilities listed in FIRM for their District/Office to ensure that all the information recorded is accurate and up to date.

At least once every three years, the Insurance Coordinator should update the replacement values provided for each facility to reflect changes in the market. Replacement values for permanent facilities, which have been entered into the Replacement Value Calculator SharePoint site, will be updated by the OOC-GAO Property and Insurance section. The Insurance Coordinator is responsible for verifying that the values provided are valid

1.5 REMOVING COVERAGE

Within 10 calendar days following receipt of approval for disposal of a facility, or any other event resulting in a building or structure becoming ineligible for coverage, the Insurance Coordinator shall mark the facility as inactive in FIRM.

The OOC-GAO Property and Insurance section will send the request to DFS to have the facility removed from the Department's property schedule. Once the Department has received confirmation that the facility has been removed, the OOC-GAO Property and Insurance section will remove the facility from the Master Listing SharePoint site.

1.6 STATE RISK MANAGEMENT TRUST FUND LOSSES

In the event of a loss or damage to covered property, the Insurance Coordinator shall immediately notify the OOC-GAO Property and Insurance section of the loss or damage by sending an email to [CO-FIRMAdministrators](#). This notification should provide building number(s), if available, a brief description of the event including what happened and when it happened, and any information that is available regarding the extent of the loss. If email is not available, initial notification shall be made by calling 850-414-4868.

If calling during non-business hours leave a detailed message including your district, what happened, your name, and a call back number. You should also contact your district insurance coordinator. A list of district insurance coordinators is provided on the Property Insurance SharePoint site. Keep a record of the person(s) to whom notification was provided including name, contact number, and time/date of notification.

Promptly notify the State Fire Marshal if the loss is by fire and/or the fire alarm system is disabled.

Note: Any loss not reported to DFS within 90 days from the date of the loss will not be covered unless DFS's ability to assess the loss has not been impaired and the dollar amount of the loss has not increased due to the delay.

1.6.1 Required Documentation

While taking the following steps it is important to retain copies of all receipts and invoices for purchases and/or work completed. These costs will be included in the claim submitted to DFS. All photos and documentation should be retained by the Insurance Coordinator. Copies must be forwarded to [CO-FIRMAAdministrators](#) upon request.

Note: For all claims submitted to DFS, costs must be separated by building number.

Protect the property from further loss, using reasonable care. Remove and store items that were not damaged. Cover items to protect them from weather conditions.

Photograph the damaged property to document the nature and extent of the loss or damage. Identify the photograph(s) with the date and building number.

Complete an inventory of all damaged property, including quantities, original purchase dates, costs, values and amount of loss claimed. A copy of this inventory should be retained.

Complete a ***State Risk Management Trust Fund Notice of Property Loss (Form No. 010-000-12)*** and forward it to [CO-FIRMAAdministrators](#). A claim number will not be assigned by DFS until this documentation is received.

1.6.1.1 Outside Contractors

If repair work is to be done by an outside contractor, the itemized bid contract should be submitted to DFS prior to the issuance of a contract or purchase order. DFS will advise the Department of costs that may not be reimbursable, whether prices for materials and labor are higher than normal based on industry standards, and of any other concerns DFS may identify regarding the bid.

1.6.1.2 In-House Costs

Department materials on-hand used for the repair of damaged property are eligible for insurance claim reimbursement. Department material usage must be documented by building/structure, and include the type and quantity of each material used. To document the cost of the Department materials, provide copies of invoices and vendor payment information when the materials are replaced.

Overtime labor costs of Department employees, incurred to repair damaged property, are eligible for claim reimbursement. Official time sheets need to be retained in addition to the name of the employee performing the work, employee's hourly rate of pay, and the number of hours the employee worked on repairing damaged property that is being included in the claim.

1.6.1.3 Lightning Losses

A separate ***State Risk Management Trust Fund Statement of Lightning Losses (Form No. 010-000-11)*** must be completed for each facility that suffers a loss or damage due to lightning. This form must be signed by a licensed electrician or repair person and must include a description of the damage, as well as detailing evidence of a direct strike. The district insurance coordinator will forward the completed form to [CO-FIRMAadministrators](#).

1.6.2 Surplus Property NOT Covered

Property that is not repaired or replaced cannot be claimed as a loss to DFS; however, the costs of demolition and clean up of the damaged or destroyed property (excluding non-overtime hours by Department employees) can be claimed for insurance reimbursement.

1.6.3 Update FIRM

A log entry must be created in FIRM for all repairs and maintenance performed on permanent buildings and temporary structures. This is done to provide documentation on the condition of the building or structure for future claims and must be done whether a claim is submitted or not.

2. COMMERCIAL INSURANCE

Although the Department is required to maintain insurance with the State Risk Management Trust Fund for buildings, structures, and contents, there are situations

where additional insurance is necessary or required. In these cases, additional insurance is requested and administered by DMS. A brief explanation of each of the policies that the Department is using or has used is provided below.

A full listing of all of the policies currently procured by DMS along with detailed information on the coverages available, limits of insurance, deductibles, and other coverage terms is available on DMS's website.

2.1 AVIATION

This policy covers all aircraft(s) owned, leased, loaned, or in the State's care, custody, or control as reported on the statement of values.

Currently, the Department has one aircraft covered by this policy.

2.2 BOILER & MACHINERY

This policy covers direct, accidental damage to objects within covered locations. The insurance company provides inspections at no additional charge.

A copy of the location schedule is provided on the Property Insurance SharePoint site.

2.3 CONTRACTOR'S EQUIPMENT

This policy covers mobile machinery, mobile equipment, vehicles, and other miscellaneous property subject to a transportation feature, including recreational vehicles and trailers.

Currently, the Department uses this policy to cover rented equipment.

2.4 CRIME

This policy provides protection against loss of money, securities, and other property with intrinsic value.

A copy of the location schedule is provided on the Property Insurance SharePoint site.

2.5 ELECTRONIC DATA PROCESSING EQUIPMENT

This policy covers electronic data processing equipment, electronic media, and scientific and medical equipment, owned by the Department and similar equipment of others in the Department's care, custody, and control.

On a quarterly basis, the Department reports the total value of property recorded in class codes F13***** & F16***** (excluding F1621000 – Traffic Monitoring Equipment) to be covered by this policy.

2.6 FINE ART (INDOOR & OUTDOOR) INSURANCE

This policy covers indoor and outdoor artwork against physical loss or physical damage occurring during the period of insurance while being displayed and including incidental storage.

A copy of the location schedule is provided on the Property Insurance SharePoint site.

2.7 OCEAN MARINE

This policy covers all watercraft(s) owned, leased, or loaned to the Department.

Currently, the Department uses this policy to cover rented equipment.

2.8 COMMERCIAL POLICY LOSSES

In the event of loss or damage to covered property, the Insurance Coordinator shall immediately notify the OOC-GAO Property and Insurance section of the loss or damage by sending an email to [CO-FIRMAdministrators](#). This notification should provide property number(s), if available, a brief description of the event including what happened and when it happened, and any information that is available regarding the extent of the loss. If email is not available, initial notification shall be made by calling 850-414-4868. If calling during non-business hours leave a detailed message including your district, what happened, your name, and a call back number. You should also contact your district insurance coordinator. A list of district insurance coordinators is provided on the Property Insurance SharePoint site. Keep a record of the person(s) to whom notification was provided including name, contact number, and time/date of notification.

2.8.1 Supporting Documentation

While taking the following steps, it is important to retain copies of all receipts and invoices for purchases and/or work completed. These costs will be included in the claim submitted to the insurance broker. All photos and documentation should be retained by the Insurance Coordinator. Copies must be forwarded to [CO-FIRMAdministrators](#) upon request.

Photograph the damaged property to document the nature and extent of the loss or damage. Identify the photograph(s) with the date and property number (or description if property is not recorded in FLAIR).

Protect the property from further loss, using reasonable care.

Cleanup and salvage anything that can be saved.

Proceed with emergency repairs only. Keep all property items repaired for the Insurance Company to inspect, test and/or analyze.

If the loss was due to theft, then a copy of the police report must be submitted with the claim form.

Note: Due to occasional changes in providers for each of the commercial policies, the OOC-GAO, Property and Insurance section will provide claimants with the current claim form when alerted to the loss.

4. TRAINING

Individual training will be provided upon request.

5. FORMS

All referenced forms are the property of the DFS and DMS; however, the DFS forms are available on the Property Insurance SharePoint site and in the Department's Forms Library:

<http://infonet.dot.state.fl.us/tlofp/default.asp#>

Form No. 010-000-11 Statement - Lightning Losses

Form No. 010-000-12 State Risk Management Trust Fund Notice of Property Loss

Form No. 010-000-15 State of Florida DOT Coverage Request Form

6. FORM RETENTION

All forms should be retained for a period of 5 years after the final disposition of claim or expirations of policy in order to comply with the **Records Retention Schedule GS1-SL(111)** for insurance records.

A copy of the **Records Retention Schedule** can be obtained from the following website:

<http://fdotsharepoint.dot.state.fl.us/fa/admin/SupportServices/Lists/Records%20Management/AllItems.aspx>