POLICY AND PROCEDURE MANUAL FOR THE OFFICE OF STATE PROPERTY INSURANCE

STATE OF MISSISSIPPI

DEPARTMENT OF FINANCE AND ADMINISTRATION

OFFICE OF STATE PROPERTY INSURANCE

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STATE PROPERTY INSURANCE POLICIES AND PROCEDURES

1 INTRODUCTION

Every state agency location faces natural and man-made exposures and events that cause catastrophic physical damage to state-owned property and/or contents. This results in substantial repair, replacement, and reconstruction costs in addition to a loss of value or disruption of your agency's ability to provide services.

The Mississippi Department of Finance and Administration Office of State Property Insurance is responsible to procure and administer all-risk property insurance, NFIP flood insurance, including coverages for fine arts, boiler and machinery, contractors equipment, terrorism, and electronic data processing on all state-owned property and contents as defined in the State of Mississippi Statement of Values (SOV). This Department works directly with the commercial insurance market, including brokers, carriers, adjusters and architects and insurance service organizations. The Department manages the claim event process from its origin until completion of the claim settlement. The Department manages and maintains the record of all buildings insured under the requirements of our MS state statutes and FEMA. This record is the Statement of Values.

2 DEPARTMENT CREATION

- In 2005, in Fifth Extraordinary Session, October 24, 2005, The Mississippi Legislature, led by Representatives Brown and Watson, passed and enacted House Bill No. 4. This House Bill amended sections 29-13-1, 29-13-3, 29-13-5, 37-7-303, 37-29-67, 37-101-15, and 41-73-31 of Mississippi Code of 1972.
- DECLARATION BY GOVERNOR FOR A STATE OF EMERGENCY
    - In all cases, steps should be taken to minimize further damage and to secure the facilities. This would include such activities as temporarily patch roofs, and windows, removing water inside a facility and begin drying the property and furnishings (31-7-13 (j) and (k)).
    - The loss/damages will be quickly assessed and reported to the insurance broker.
        - Loss/damage reported to local insurance adjuster as well as MEMA Office Director.
        - Adjuster will make arrangements to inspect the property/State Property Insurance Director will determine any need to be present at the loss site.
    - The local agency shall immediately, or as soon as reasonably possible, take steps to protect and mitigate any damages. State Property Insurance Director will work with the agency as well as adjuster, MEMA Office Director and any other experts that may be involved in the insurance claim process.
    - The damages will be inspected, scoped, documented and appraised as to the initial costs for repairs. The documentation will be submitted to the Insurance broker/carrier for their review as to damages and applicable coverage assessments. The State Property Insurance Director will act as a liaison with the Insurance broker/carrier, adjuster and agency to maintain a constant status of the claim/loss.
    - When making permanent repairs, the stat purchasing laws must be followed with some modifications depending on whether or not Declarations of Emergency have been issued by the head of the agency or Governor. (For clarifications on purchasing contact the Office of

Purchasing, Travel & Fleet Management. For construction issues, contact the Director, Bureau of Building, Grounds and Real Property Management)

3 DEPARTMENT POWERS AND DUTIES

The duties and powers of the Office of State Property Insurance are defined within the law. [**Mississippi Code 1972, Annotated,** Sections 29-13-1 through 29-13-5] The Office of State Property Insurance (DEPARTMENT) serves the State of Mississippi as a property insurance authority at the state level as sanctioned and appointed by the Department of Finance and Administration. The DEPARTMENT is not a regulatory agency of the State, but a service arm assisting State Institutions/Agencies and Departments with property insurance needs. It shall purchase and maintain business property insurance on all state-owned buildings and/or contents as required by federal law and regulations of the Federal Emergency Management Agency (FEMA) as is necessary for receiving public assistance or reimbursement for repair, reconstruction, replacement or other damage to those buildings and/or contents caused by the Hurricane Katrina Disaster of 2005 or subsequent disasters.

The primary function of the DEPARTMENT is to source, analyze, procure, manage and maintain property insurance for state-owned agencies and locations in the most economical and business-like manner possible. The DEPARTMENT will at all times work to serve the best interests of all State Institutions/Agencies and Departments without preference. The DEPARTMENT is authorized to expend funds from any available source for the purpose of obtaining and maintaining that property insurance. The DEPARTMENT is authorized to enter into agreements with other state agencies, local school districts, community/junior college districts, state institutions of higher learning and community hospitals to pool their liabilities to participate in a group business property insurance program, subject to uniform rules and regulations as may be adopted by the Department of Finance and Administration.

4 INSURANCE DEFINITIONS

ALL RISKS – A broad form of coverage, providing protection against all risks of physical loss or damage from any external cause. It does not embrace loss or damage due to normal wear and tear and age.

APPRAISAL – An evaluation of property made to ascertain either the appropriate amount of insurance to be written or the amount of loss to be paid.

BUSINESS INTERRUPTION – A form of insurance coverage that replaces business income lost as a result of an event or loss that interrupts the operations of the business.

CLAIM – A submission to the insurance company for payment or reimbursement of services rendered to owner of the policy.

CONDITIONS – Provisions stated in an insurance contract that state the rights and duties of the insured, or the rights and duties of the insurer.

CONTINGENT TIME ELEMENT – Covered loss for specific fixed expenses at a location resulting from the interruption of electricity, steam, gas, water, sewer, or telecommunications or any other utility or service to that location which results from an accidental occurrence or loss at a facility or location.

DEBRIS REMOVAL – A consequential coverage commonly included in direct loss policies. For example, fire policies provide limited recovery for the insured's cost of removing the debris after a covered fire.

DEDUCTIBLE – Amount paid by the policy owner before the insurance plan pays out on any claim.

DIRECT LOSS – The immediate consequence of the action of an insured peril. A fire-damaged structure is a "direct loss" by fire.

EXCLUSIONS / LIMITATIONS – Specific conditions or circumstances listed in a policy for which the policy will not provide benefit payments.

HURRICANE – A tropical storm marked by extremely low pressure and circular winds with a velocity of 75 miles per hour or more.

INDEMNIFICATION – The compensation to the insurers of a loss, in whole or in part, by payment, repair, or replacement.

INDEPENDENT ADJUSTER – An individual or member of a firm who contracts with insurers to investigate claims and suggest appropriate settlements.

LIABILITY – Any legally enforceable act or obligation.

LIABILITY INSURANCE – Protects business assets and covers the cost of lawsuits resulting from bodily injury (e.g. customer slips on wet floor), personal injury (e.g. slander or libel) and false advertising.

LIMITS OF LIABILITY – The maximum sums listed on a liability policy for which the insurance company provided protection.

LOSS – A natural or man-made exposure or event causing harm, damage, or destruction to any state-owned property. Examples include fire, tornado, hail, hurricane, flooding, vandalism, arson, smoke, lightning, theft, collapse, earth movement, terrorism, etc.

NAMED PERILS – Coverages in a policy that provide protection from loss of perils specifically listed in the insurance policy. Examples of named perils are fire, windstorm, theft, smoke, etc.

NON-DISCLOSURE – The failure of the insured or their broker to disclose a material circumstance to be underwriter before acceptance of the risk. A breach of good faith.

NOTICE OF LOSS – Notice to an insurer that a loss has occurred. Notice of loss is a condition of most policies, and it is frequently required within a given time and particular manner.

OCCURRENCE – An event that results in a loss that is insured.

PERIL – The cause of a loss insured against in a policy.

POLICY – The legal document issued by the company (insurer) to the policyholder (insured), which outlines the conditions and terms of the insurance; also called the policy contract or the contract.

PREMIUM – Amount paid by policy owner to own an insurance policy.

PROPERTY INSURANCE – Protects business assets (buildings and structures) and contents against loss.

PROXIMATE CAUSE – The effective cause of loss or damage; an unbroken chain of events between the occurrence and damage.

REPLACEMENT COST – The cost to repair or replace property without considering depreciation.

RISK – The chance of loss. Also used to refer to the insured or to property covered by a policy.

SOV – Statement of Values of state owned property

State Property Insurance Claim Form

Agency Name _____

Agency Mailing Address _____

_____

Date of Occurrence _____

Location of Occurrence (Building and Address)_____

_____

Agency Head _____

Agency Head email _____

Agency Head Office phone _____

Agency Head Cell phone _____

Alternate Contact Person _____

Alternate Contact Person email _____

Alternate Contact Person Office phone _____

Alternate Contact Person Cell phone _____

Description of Loss _____

_____

_____

_____ Building Damaged _____ Contents Damaged

Please complete, scan, and email to george.roberson@dfa.ms.gov

Questions? Contact George Roberson, 601-576-2553 (office), or 601-720-4207 (mobile),

or Daphne Baker, 601-576-2554 (office).

As Executive Director of the Department of Finance and Administration and by the authority empowered to me, I authorize the implementation of this policy and the procedure manual on this date.

Approved by: _____
Laura Jackson
Executive Director
Department of Finance and Administration

_____
George Robertson
Director
State Property Insurance
Department of Finance and Administration

THIS POLICY IS EFFECTIVE IMMEDIATELY AND REPLACES ALL INCONSISTENT POLICIES. IT IS SUBJECT TO REVISION AS NECESSARY BY THE OFFICE OF STATE PROPERTY INSURANCE.