

Property Insurance and FEMA Claims Overview

State of Hawaii

DAGS Presentation

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Prepared by State Risk Management Office & Aon Risk Solutions

Agenda

- Overview of Property Insurance Loss
 - Property Claims
 - Major Property Loss (FEMA) Claims
 - FEMA and Property Process
 - FEMA Timeline
- Examples of Differences in Property and FEMA Claims
- Implications of Accepting FEMA Funds
- General Guidance to Accept or Reject FEMA Assistance

Overview of Property Insurance Loss

- Property Restoration / Replacement
 - Building
 - Contents
 - Personal Property of Others
- Business Interruption Loss
 - Loss of profits
- Extra Expense and Expense to Reduce Loss
 - Costs above and beyond normal to operate - \$1+ spent to save \$1 and operate
 - Reduces loss if \$1 spent to save \$1 or more

Property Claim Procedures

- Property Claim Procedures can be found at the at Act 173 Forms and Instructions section of the State of Hawaii – Risk Management Office Website:

<http://ags.hawaii.gov/wp-content/uploads/2012/09/propertyinsclaims.pdf>

and

<http://hawaii.gov/forms/internal/departement-of-accounting-and-general-services/rmp-001/view>

APPENDIX 4:

PROCEDURES FOR FILING PROPERTY INSURANCE CLAIMS (revised eff. 7-1-00)

The Risk Management Office (RMO) will be the point of contact for any large property loss, or disaster, in order to coordinate claims against the property insurance carrier and/or with State Civil Defense.

Insurance coverage is afforded for damage to real property, personal (State) property, loss of rental income, artwork, extra expense, loss of valuable papers, extended coverage, pollutant/contaminant clean-up and other expenses.

In order to document any damage that might result in the event of a large loss, hurricane or other similar catastrophe, please utilize the following procedures and forms. The initial reports and claim forms are to be submitted to the RMO within 5 working days after the loss. A claim file will be created for each location, therefore, it is requested that expenses are identified by location.

The following forms, which are patterned after the Federal Emergency Management Agency (FEMA) forms, will aid you in keeping track of your costs and expenses:

1. Force Account Labor Summary Record (RM-FALSR)
2. Force Account Equipment Summary Record (RM-FAESR)
3. Materials Summary Record (RM-MSR)
4. Rented Equipment Summary Record (RM-RESR)
5. Contract Work Summary Record (RM-CWSR)
6. Other Extra Expenses Summary Record (RM-OEESR)
7. Applicant's Benefits Calculation Worksheet (RM-ABCW)
8. Personal Property Damage Summary Record (RM-PPDSR)

These forms and procedures are on Microsoft Excel and Microsoft Word and can be provided to you on diskette or via e-mail. Please contact the Risk Management Office to request the forms.

PROCEDURES:

1. DETERMINATION OF VARIOUS CATEGORIES AND SUBCATEGORIES OF CLAIMS.

Generally speaking, all recoverable expenses are associated with a building. The categories for receiving reimbursement or payment from the State's property insurance policy must fall within the definition of the following:

- A. Real Property: buildings, additions-extensions, fixtures, machinery and equipment constituting a permanent part of the building that services the building and yard fixtures.

RMO-PROP-SUP Supplemental Data Requirements – Property

- Report No. _____

(Risk Management)

DEPARTMENT : _____

UNIT/SCHOOL: _____

(Specify)

2. DATE INCIDENT DISCOVERED _____ TIME _____ A.M./P.M.

3. DATE INCIDENT OCCURRED _____ TIME _____ A.M./P.M.

4. HOW WAS LOSS DISCOVERED?

RMP FORMS - Instructions

- See Instructions Worksheet at:
<http://ags.hawaii.gov/aso/rmo/forms-and-instructions/>
- Example for Instructions for RMP-001 included in handout:

Report of Loss or Damage of State Property (RMP-001)

The Report of Loss or Damage of State Property (RMP-001) form is to be completed for loss or damage to property owned or leased or in the care, custody, or control of the State of Hawaii only. The State of Hawaii does not insure employee's personal property while being used or kept at the workplace. Nor is the State liable for damages or theft of employee's property.

Automobile accidents are not reported on this form; use RMA-001.

RMP-001 is completed as follows:

Part 1 -prepared by the employee discovering loss or damage
Parts 2 & 3 - prepared by the immediate supervisor having control or authority over the lost or damaged property.

Overview of Major Property Losses (FEMA)

- FEMA assistance is not insurance
 - A backstop in the case of a disaster
 - Subject to the federal government's decision
 - After a loss, additional requirements may need to be met to be eligible for payment
 - Timing of reimbursement may be slower than the Property Claim process
 - Cannot receive FEMA funds if Insurance is already in place for damaged premises
 - Must keep all supporting records for audit (i.e. timesheets, burden support, invoices, etc)

RM FORMS for Major Property Losses (FEMA)

- **For tracking costs in case of a FEMA-eligible claim**
- See Forms & Instructions at:

<http://ags.hawaii.gov/aso/rmo/major-claim-forms/>

<u>Form #</u>	<u>Title</u>
RM-ABCW	FEMA Applicant's Benefits Calculation Worksheet
RM-FALSR	Force Account Labor Summary Record*
RM-FAESR	Force Account Equipment Summary Record*
RM-MSR	Materials Record Summary*
RM-RESR	Rented Equipment Summary Record*
RM-CWS	Contractor Work Summary*
RM-OEESR	Other Extra Expenses Summary Record*
RM-PPDSR	Personal Property Damage Summary Record

- Be sure to include detailed descriptions of where work was completed, the purpose of the work, and the work performed

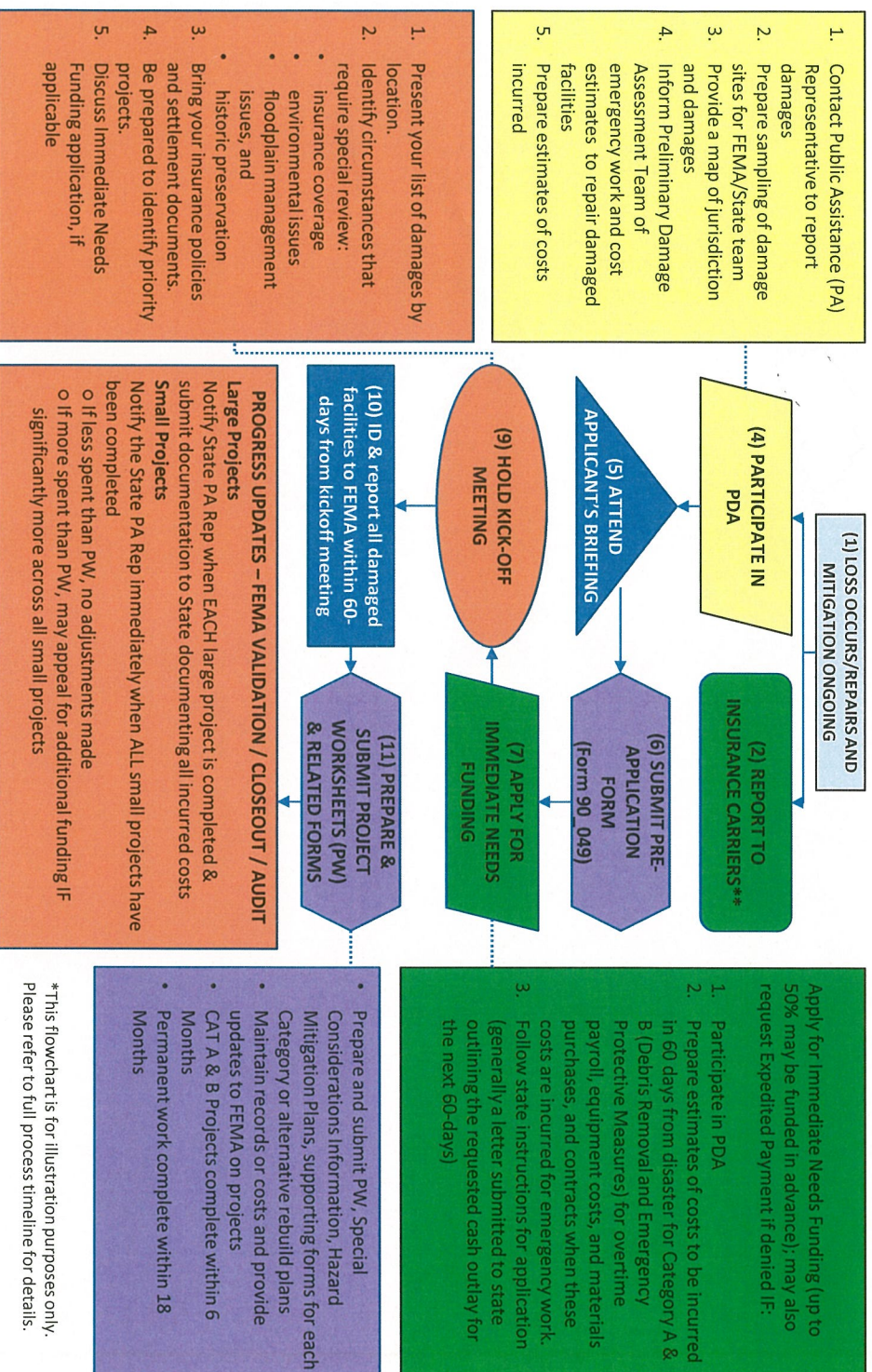
<u>*FEMA Category</u>	<u>Description</u>
A	Debris Removal
B	Emergency Protective Measures
C	Roads and Bridges
D	Water Control Facilities
E	Buildings and Equipment
F	Utilities
G	Parks, Recreational Areas, and Other Facilities

RM FORMS for Major Property Loss (FEMA) - Instructions

- See Instructions Worksheet at:
<http://ags.hawaii.gov/aso/rmo/major-claim-forms/>
- Examples included in Handout

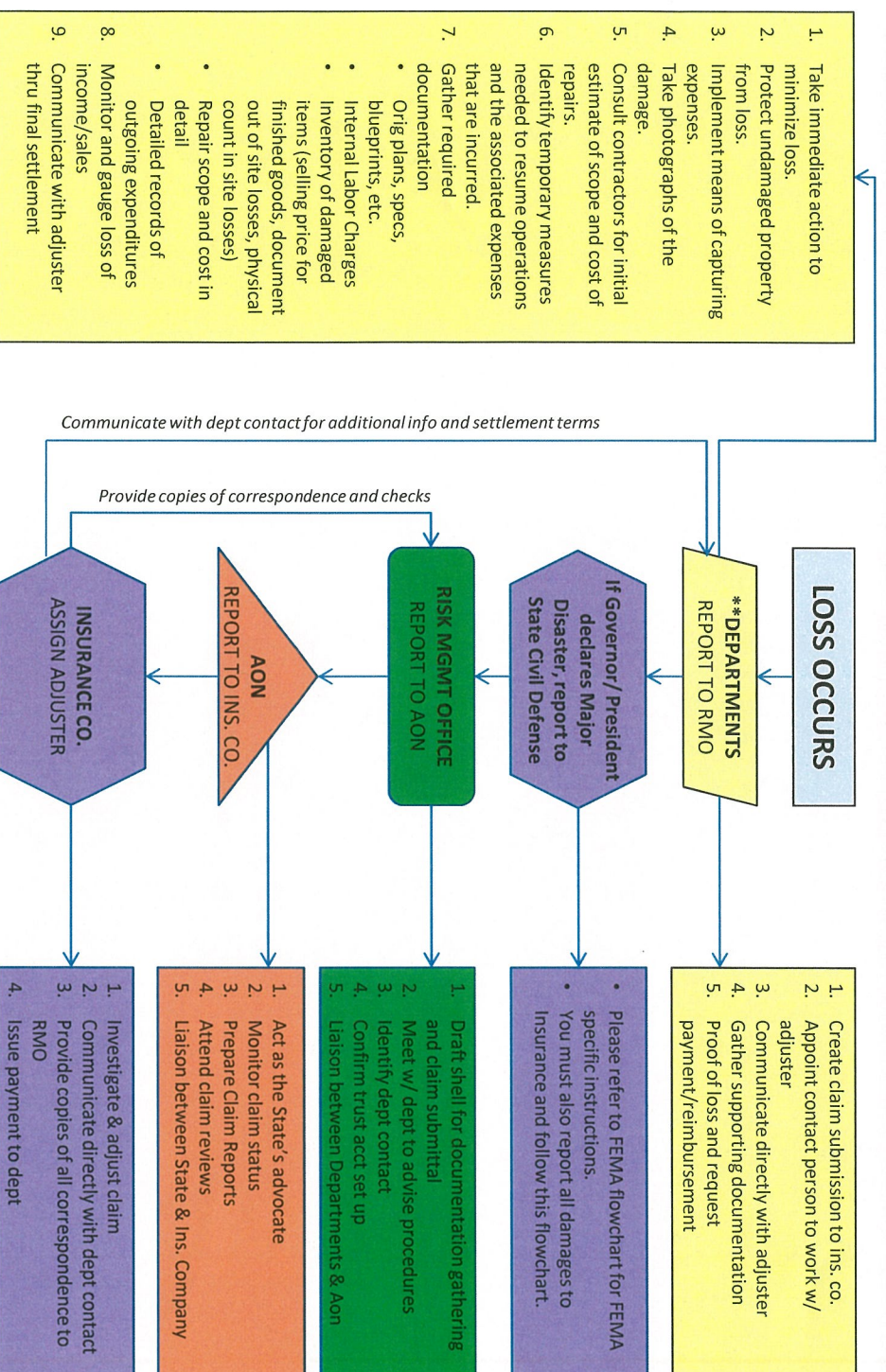
Major Property Losses (FEMA) Claim Process

State of Hawaii FEMA Property Loss Process Flowchart



Property Claim Process

State of Hawaii Property Loss Reporting Process Flowchart



FEMA Process and Timeline

GENERAL TIMELINE GUIDE FOR FEMA PUBLIC ASSISTANCE CLAIMS (MAY VARY WITH DISASTER CIRCUMSTANCES)

Item	Task	Days from Benchmark	Timeline
			Start Date Enter Date
1	Occurrence of Disaster		1/1/2014
2	Report loss to Insurance Carrier(s)		1/1/2014
3	Presidential Declaration of Emergency for Area (after Governor declares State Emergency)		1/1/2014
4	Participate in Preliminary Damage Assessment ("PDA")		1/1/2014
5	Attend Applicant's briefing	Varies	1/2/2014
6	Submit Pre-application form (see link to document)	30 from Declaration	1/30/2014
7	Apply for Immediate Needs Funding		1/30/2014
8	Receive contact with Public Assistance Coordinator (PAC) and establish Kick-Off meeting date/time (if not contacted, contact State PA Representative to schedule a date/time)		1/30/2014
9	Hold kickoff meeting	30 from Pre-application	2/28/2014
10	Identify and report all damaged facilities to FEMA within 60-days from kickoff meeting	60 from Kick-off	4/28/2014
11	Prepare and submit Project Worksheets (PW), Special Considerations Information, Hazard Mitigation Plans, and supporting forms for each Category	60 from Kick-off	4/28/2014
12	Claim validation of PW's by FEMA		
13	Request for advance payment for large projects (75% of allowed estimated costs) - confirm if available for your particular disaster.		
14	Provide Progress Reports to FEMA		
15	Confirm if periodic (i.e., quarterly) status reports / spend reports are needed	Varies	
16	Category A & B (Debris Removal & Emergency Protective Measures) must be completed within 6 months (12 mth extension may be available; work with PAC as needed)	180 from Declaration	6/29/2014
17	Permanent repair work must be completed within 18 months (up to 48 month extension may be available if needed)	540 from Declaration	6/24/2015
18	Closeout Small and Large Projects	Varies	
19	FEMA Review and Insurance Review	Varies	
20	Final Inspection (Optional at FEMA's discretion)	Varies	
21	Audit Process	Varies	
22	FEMA obligation to State / State warrant to entity	Varies	
23	Appeal - if unsatisfied with FEMA - within 60 days of receipt of the FEMA decision / action	60 from Decision	

Examples of Differences in Property and FEMA Claims

Coverage Item	FEMA	Property Insurance Policies
Labor	F-full Benefits Allowed on Labor Cost Only regular time allowed for permanent work	Variable Burden Cost only allowed (FICA, SUTA, FUTA, etc)
Stock/Inventory	Cost	At sales value (for finished goods)
Other Property Damage	Where not covered by Insurance (under deductible or over limits) Mitigation (Section 406)	Replacement Cost for Covered Property Only
Debris Removal	"Eliminate an immediate threat to lives or public health and safety" or other certain criteria must be met	"necessary and reasonable expense"
Emergency Protective Measures	<ul style="list-style-type: none"> o Warning of risks and hazards o Search and Rescue o Emergency Evacuations o Emergency mass care o Rescue, evacuation, transportation, care, shelter, and essential needs for humans affected by the outbreak and spread of an influenza pandemic o Protection for an eligible facility o Security in the disaster area o Provision of food, water, ice, and other essential items at central distribution points 	reasonable and necessary costs incurred for actions to temporarily protect or preserve insured property; provided such actions are necessary due to actual, or to prevent impending, insured physical loss or damage to such insured property
Business Interruption	No coverage	Coverage for Actual Loss Sustained
Deductible	Generally Federal share is only 75% of eligible costs. FEMA will only respond to a pro-rata share of PD as a total of the overall deductible where there is a flat deductible.	Variable; with windstorm, % deductible.

Implications of Accepting FEMA Funds

Description	Public Assistance Application Handbook	Summary of Verbage
Insurance Requirements	March 2010 Version, Appendix B	<p>You must obtain and maintain insurance in at least the amount of the eligible damage to protect against future loss to such property from the same peril for the useful life of the repairs. The required insurance coverage must be obtained, or letter of commitment accepted by the State, prior to the release of any Federal funds. If the insurance is not maintained, the facility will receive no assistance in future events for the same peril.</p> <p>If assistance was received for flooding, you are required to obtain flood insurance even if you are located outside the floodplain.</p> <p>Amount of Insurance: You must obtain insurance for the full amount of FEMA assistance (including Section 406 hazard mitigation assistance). If the amount of assistance is over the NFIP limit, you will need to obtain commercial insurance.</p> <p>When Insurance is Not Required: Insurance is not required if the estimate for the repair of disaster-related damage is less than \$5,000. Insurance is also not required on temporary facilities.</p> <p>State acting as self-insurer - A State may elect to act as a self-insurer with respect to any or all of the facilities owned by the State.</p> <p>President shall not require greater types and extent of insurance than are certified to him as reasonable by the appropriate State insurance commissioner responsible for regulation of such insurance</p>
Audit Process	March 2010 Version, Chapter 10	<p>Failure to complete any small project will result in de-obligation of approved funds. If you spend less than obligated funds, no adjustment is made. If you incur costs greater than approved funds for all small projects, you may appeal for additional funding.</p> <p>Completion of large project - submit documentation to the State for all incurred costs. Once review is complete, FEMA determines additional or de-obligation of funds (and potential for re-payment).</p> <p>All documents are subject to audit. Failure to document may result in loss of funding.</p>
Stafford Act Obligations	March 2010 Version, Various Sections	<p>The Stafford Act requires communities to give preference to local firms in the awarding of contracts in major disasters and emergencies to the extent it is feasible and practicable.</p> <p>When providing funding under the Stafford Act, FEMA is required to comply with applicable Federal historic preservation laws and regulations, including the National Historic Preservation Act (NHPA). FEMA must comply with applicable Federal environmental laws and their implementing regulations and Executive Orders.</p>

General Guidance to Accept or Reject FEMA Assistance

Description	General Guidance	
	Accept FEMA	Reject FEMA
Loss Under Property Deductible	X	
Not covered under Property insurance, but covered under FEMA	X	
Covered under Property Insurance		X
Loss in excess of Property Sublimit	X	
Unable to comply with requirements to accept FEMA		X
Potential FEMA proceeds are un-economical from an administrative perspective		X

State Risk Management Office

Physical Address:

1151 Punchbowl Street Suite 111B

Honolulu, Hawaii 96813

or

P.O. Box 119

Honolulu, Hawaii 96810-0119

Web Site

<http://ags.hawaii.gov/aso/rmo>

Phone and Email:

Office Phone

(808) 586-0547

dagsrmo@hawaii.gov

Fax

(808) 586-0553

Tracy Kitaoka, Risk Management Officer

(808) 586-0550

tracy.s.kitaoka@hawaii.gov

Ann Sueoka, Claims Management Specialist

(808) 586-0546

ann.n.y.sueoka@hawaii.gov

Maria Paet-Ugaitafa, Claims Management Specialist

(808) 586-0548

maria.paet-ugaitafa@hawaii.gov

Danny Loo, Claims Management Specialist

(808) 586-0545

danny.ss.loo@hawaii.gov