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### March 19, 2018

TO: **INSURANCE COORDINATORS**

 ALL STATE AGENCIES

FM: **JOAN COMPTON**, Risk Management Analyst

RISK MANAGEMENT PROGRAM

RE: **Property Insurance Renewal- 07/01/18 to 07/01/19**

**FY2019 STATEMENT OF PROPERTY VALUES**

It is time to gather statewide agency asset values for the FY2019 property insurance renewal.

Please review this entire memo before you begin finalizing your property submission using RMIS.

There are some definitions and explanations on valuation in the Additional Information section on the last pages of this memo that you will need to keep in mind when evaluating your data.

After entering the RMIS property screen, **select the Fiscal Year 2019 drop down and then click the “Get All” button** to start the process. Review your agency data for accuracy and completeness.

The following information is required for **all state-*owned* facilities**. Please be sure these are included in RMIS for each *owned* and insured locations.

* **Year** the insured building was built
* Total number of building **Stories**
* Total **Square Footage**
* **Sprinkler System** Y/N
* The building **Construction Type.**  (Select the appropriate “construction type” from the drop down shown next to the Construction type box on the RMIS property screen).
* Indicate if building is **Owned** or **Leased (**select one or the other on the property screen for each building entered in RMIS)

Replacement cost values must be reported for all state-owned property and for leased property which the state is contractually obligated to insure. All state assets (except passenger vehicles licensed for road use) must be included in your 2019 property submission at the **replacement cost** valuation (**except mobile equipment which is reported at Actual Cash Value**) to meet the insurance carrier’s reporting requirement for total values.

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**Please verify that your agency’s property data for FY2019 is complete before submission to Risk Management.**

***After verification of the data, you will complete your submission by doing one of the following depending upon whether changes were made to the data:***

1. *If you* ***agree*** *with the trended FY2019 property values as shown in RMIS for the upcoming July 1, 2019 renewal, and there are* ***no changes*** *to report:* ***Reply to Risk Management by simply clicking the*** *“****Send to Risk Management Button****” shown on the 2019 RMIS property screen.*

***OR***

1. *If you feel it is necessary to add, delete or modify the existing FY19 property values for any covered building/location shown in RMIS, please make those changes prior to your final submission to Risk management. When the values are finalized by your agency, then click the “****Send to Risk Management Button****” shown on the 2019 RMIS property screen.*

**ADDITIONAL INSTRUCTIONS**

**VALUE OF BUILDINGS**

Inflationary increases have been applied to the FY2018 values to bring them current for FY2019 replacement cost coverage. The inflation factor applied to the FY2018 building values and brought forward for FY2019 is 1.5 percent**.**

Before accepting or changing any of the FY19 trended values, please:

1. Review your agency’s FY2019 property data to assure that all buildings to be insured are included and the correct physical addresses and applicable zip codes are shown. Be sure to add any new acquisitions with the appropriate replacement cost. **Remove any building your agency no longer owns or is no longer contractually obligated to insure.**
2. If the square footage of an existing building increased, increase the replacement value for that location accordingly.

3. If you find buildings that appear to be substantially under or over-valued, please make replacement value modifications in RMIS. Please provide an explanation in the RMIS notes box as to why the value change was made.

4. All buildings are to be valued at **Replacement Cost** unless the building is specifically designated as “**ACV**” (actual cash value) or "**Do Not Insure**."

1. Do not type “ACV” or “Do Not Insure” in the FY2019 Building Value box. If the building is designated as “Do Not Insure”, enter “$0.00” in the FY2019 Building Value box.
2. If the building is to be insured as ACV (actual cash value), enter the appropriate value in the FY2019 Building Value box.
3. Applicable comments should be inserted for each building entry under the Notes box. Insert the words “ACV” or “Do Not Insure” in the Notes box; and a brief explanation as to why the building is not being covered for replacement cost.

FY2019 Statement of Values, Page 3

**VALUE OF CONTENTS, MOBILE EQUIPMENT AND STOCK/SUPPLIES**

The inflation factor applied to the FY2018 contents values and brought forward to FY2019 is 1.00 percent**.** Inflation factors are not applied to Mobile Equipment values since they are at Actual Cash Value.

**CONTENTS** include business property such as office furniture and equipment, computer equipment, and other property not permanently attached to the building. Please enter the **current contents replacement values** associated with the building containing these items.

Commencing with the July 1, 2019 (FY2019) policy renewal, all outdoor property items will be covered on a blanket basis. Outdoor property will no longer be entered into the RMIS system.

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* Risk Management asks that each agency review and remove all outdoor items from RMIS **before June 1, 2018**. Example of items that need to be removed are as follows but not necessarily limited to: Astro turf, fences, electronic signs, meters, bleachers, score boards, translator/transmission towers, etc.
* The premium charge for all outdoor items will be based on 2.5% of the agency’s reported building values and billed at the same cost as the building rate.

**MOBILE EQUIPMENT** is any motorized equipment not licensed for road use, such as road graders, tractors, golf carts, riding lawn mowers, etc. At time of acquisition, please enter the **current actual cash value** (**not replacement cost**) associated with the building containing these items. ***A detailed list of each item and its acquisition date should be documented by each agency as verification of the total dollar amount entered into RMIS****.*

**STOCK/SUPPLIES** include property such as paper, pencils, office supplies, brochures, etc. If stock values fluctuate, the average valueof stock over the course of a year is an adequate figure to use for reporting. Please enter **average value** of stock & supplies associated with the building containing these items.

Your agency’s FAS printout or inventory records may no longer capture items with values below $2,000. Therefore, the FY2018 property values should be utilized as a basis for the FY2019 values.

1. **Do not include automobile values in your updated FY2019 figures.**
2. Include as part of your values all property which your agency is obligated by contract or lease agreement to insure.
3. Content values should be listed as one lump sum tied to a specific building except for mobile equipment (i.e., road graders, tractors, golf carts, riding lawn mowers, etc.).
4. Mobile equipment values should also be listed as one lump sum tied to a specific building. The mobile equipment values should be listed at **actual cash value** (ACV), **not** **replacement value**.
5. Records showing how these lump sum figures were obtained should be retained by each agency for future reference. Risk Management or the insurance carrier may ask for this documentation to verify coverage during the claim handling process.

FY2018 Statement of Values, Page 4

**OPTIONAL BUSINESS INTERRUPTION/LOSS OF RENTS**

**Business Interruption** insurance provides protection for loss of business income (involving revenue generating operations such as book stores, gift shops, athletic and other special events, etc.)  and continuing fixed expenses resulting from loss of earnings the State of Idaho sustains due to the occurrence of a covered peril.

**Rental Income coverage** pays for the loss of rental income (not including non-continuing charges and expenses) resulting directly from loss or damage by a covered cause of loss, when the property described is rendered wholly or partially untenable.

**Most agencies will not have either exposure.**  Should an agency want or is required by contract to obtain either of these coverages associated with a specific state-owned or leased building, please update your information in RMIS. Select the edit button in the data grid next to the applicable building containing the exposure. When the building information appears in the entry screen, select either the BI or Rents drop down and complete the form. Click “update” when form has been completed.   Refer to page 21 of RMIS manual, if necessary, for detailed instruction involving the property renewal screen.

Please use RMIS to submit your final FY2019 values to Risk Management no later than June 1, 2018; however, be sure all major acquisitions are entered in RMIS by May 1, 2018.

Please contact Joan Compton at 332-1872 or joan.compton@adm.idaho.gov, if you have questions. You may also contact Kristie Fields at 332-1869 kristie.fields@adm.idaho.gov.