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| C.L. "Butch" OtterGovernor**ROBERT L. GEDDES**Director |  | State of IdahoDepartment of AdministrationDivision of Insurance and Internal Support Risk Management Program650 West State Street P.O. Box 83720Boise, ID 83720-0079Telephone (208) 332-1872 or Fax (208) 334-5315http://www.adm.idaho.gov/risk/ |

March 19, 2018

**TO**: **ALL STATE AGENCIES PARTICIPATING IN THE**

 **OPTIONAL AUTOMOBILE PHYSICAL DAMAGE COVERAGE**

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

 Risk Management Program

**SUBJECT:** **OPTIONAL AUTOMOBILE PHYSICAL DAMAGE (APD) COVERAGE FOR FY2019 (7/1/18 to 6/30/19**)

It is time to renew the FY2019 optional automobile physical damage (APD) coverage by using the Risk Management Information System (RMIS).

After entering RMIS, select the auto physical damage screen, click the Fiscal Year drop down and select **FY2019**,then click the **“Get All**” button which opens the data input boxes.

1. If this optional coverage is **not** applicable to your agency, please click the “**Not Applicable**” button and finally, click the “**Send to Risk Management**” button. This will conclude your agency’s renewal process.
2. For agencies who participate in the optional APD program, please review your agency’s data shown at the bottom of the FY2019 RMIS screen and determine whether it is accurate as it stands; otherwise, please make additions, deletions or modification as necessary. After the data is finalized, click the “**Send to Risk Management**” button prior to June 1, 2018.

**ADDITIONAL INSTRUCTIONS/CHANGES**

* **All** State-owned and/or long term leased vehicles required by contract to insure are to be listed in RMIS.
* If your agency participates in the Optional Auto Physical Damage coverage:
	1. It is mandatory that **all** vehicles and trailers which are **five years or newer** be properly identified and coded as **covered** in RMIS **at the time of acquisition.**  All other vehicles older than five years may be coded for coverage at your discretion.
	2. It is mandatory to insert the actual cash value (ACV) of any covered **Class 2 vehicle** (over 1 ton).
	3. If a covered vehicle contains permanently attached special equipment (such as wheel chair lift, winches, camper shell, tool boxes, etc.), the actual cash value of the special equipment must also be listed **as a separate value from the vehicle value in the appropriate field in RMIS;** otherwise the special equipment will not be covered.

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* 1. If your agency acquired new vehicles or deleted vehicles during FY2018, the FY2019 data must reflect those changes.
	2. Beginning in FY2019, important changes will take place to our Auto Physical Damage Program. For state owned and contractually leased vehicles, the auto physical damage agency deductible will be increased from $500 per occurrence to $1,000 per occurrence. For additional details, please view the attached Automobile Physical Damage memo dated 3-15-18, by Faith Cox, Statewide Risk Manager.
	3. All agencies participating in this optional Auto Physical Damage coverage are automatically afforded physical damage coverage when operating temporary rental vehicles **except when using the statewide auto rental contract** administered through the State Dept. of Administration Purchasing Division. **Therefore, DO**

**NOT select the “Optional Rental Coverage ONLY” button located on the Auto input screen.**

The premium assessment for a Class 1 vehicle or trailer is $36 per vehicle per year. For all other vehicles (Class 2 and any vehicle with special equipment), the premium assessment is .0075 times the actual cash value (market value) with a minimum premium of $50 and up to a maximum premium of $500 per vehicle per year. The vehicle classes are defined as follows:

* Class 1 Passenger vehicles, pickups and vans (1 ton and under) except for vehicles with special equipment of high value.

* Class 2 Vehicles are considered (over 1+ ton) and vehicles having special equipment of unusually high value.
* Trailers are considered either small or large utility or flat beds which are either open or enclosed and pulled by covered vehicles licensed for road use.

**OPTIONAL RENTAL COVERAGE ONLY**

If your agency does not own a State vehicle, but occasionally rents a vehicle, and chooses to rent the vehicle **outside the Statewide rental contract** for State business, your agency may purchase auto physical damage coverage on all temporary rental vehicles at $72 per year through Risk Management subject to a $2,500 agency deductible, however, if the city or location where the vehicle was rented is not serviced by the Statewide Rental Car contract, then a $1,000 agency deductible will apply.

To purchase the optional Rental Only coverage:

* Please select the radio button called “**Optional Rental Coverage ONLY**” on the FY2019 RMIS auto screen and then click the “**Send to Risk Management”** button. By purchasing this coverage, your agency personnel can continue to decline the CDW "Collision Damage waiver" contained on car rental agreements, thus avoiding duplicate coverage and expensive charges.
* If Rental coverage was purchased by your agency the previous FY2018 coverage period, then the optional coverage is already populated into the FY2019 screen. Simply click the **“Send to Risk Management”** button. Do not click the radio button again or duplicate entries will occur.

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If your agency uses the **statewide rental contract** through State Department of Administration, Division of Purchasing to rent vehicles, then both the physical damage and liability coverage to the rented vehicle is provided under those rental agreements. **The above “Optional Rental Coverage Only” is for all other rented vehicles where the statewide contract does not apply.**

Please finalize and submit your auto data using RMIS by no later than **JUNE 1, 2018**.

Should you have questions, please contact me at 332-1872 **joan.compton@adm.idaho.gov** or Kristie Fields at 332-1869 **kristie.fields@adm.idaho.gov****.**