

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: General Administration

NUMBER: 01.C.11

AREA: Risk Management

SUBJECT: Property Loss Claims

1. PURPOSE

This document sets forth the guidelines for handling claims of loss or damage to physical property of the University of Houston System.

2. POLICY

2.1. University Components, Colleges and Divisions should protect university property with a high degree of care. Even with a high degree of care, losses may occur due to a number of occurrences such as fire, theft or natural disasters. The System maintains insurance and a retention fund that provides financial assistance to help colleges and divisions with replacement of such items. The program only responds to insurable losses, not mechanical breakage or wear and tear.

2.2. Each component university should designate one representative to report and coordinate claims handling with the System Director, Environmental Health and Risk Management (EHRM). Claims must initially be reported as soon as possible after they occur. Then, when replacement costs are determined a supplemental report must be made.

3. DESCRIPTION OF PROPERTY CLAIM REIMBURSEMENT PROGRAM

3.1. The property claim program is administered by the System Director, EHRM. Since insurance is expensive, the System maintains a high deductible on its insurance coverage and the System supplements the insurance with a retention fund that is funded by each component university. The funding is based on each component university's exposure to loss as well as its loss experience.

3.2. The first \$5,000 of any claim is a component university deductible. Component universities should determine whether the deductible is passed down to colleges, divisions or departments.

- 3.3. Insurance and/or the System's retention fund will pay covered losses that exceed the component deductible. Retention fund coverage determinations will be the same as the ones used for insurance coverage. The System Director, EHRM will coordinate the claim investigation and if appropriate, settlement with insurance companies.
- 3.4. Losses covered by insurance coverage will pay replacement cost for items requiring replacement but will only pay actual cash value (replacement cost less depreciation) for items not replaced. The System's retention fund will only provide coverage for items requiring replacement.

4. CLAIM REPORTING

- 4.1. When a loss occurs, it should be reported to the System Director, EHRM should be contacted and provided a description of the loss using the claim form in Exhibit A. The description should include an explanation of what happened, what was lost or damaged, whether any persons were injured, and any known facts that contributed to or caused the loss. Preliminary estimates of replacement cost and digital photographs should also be provided.
- 4.2. Any damaged or undamaged property should be protected from further damage but damaged materials must not be removed from the premises without permission from the System Director, EHRM.
- 4.3. When replacement cost is determined (like kind and quality) it should be provided along with original purchase cost.

5. SETTLEMENT AUTHORITY

- 5.1. Settlement authority for loss or damage to university property is as follows:
 - a. The System Director, EHRM may settle claims up to \$25,000.
 - b. The Associate Vice President for Plant Operations must approve settlements above \$25,000 up to \$50,000.
 - c. The Vice President for Administration and Finance must approve settlements above \$50,000 up to \$250,000.
 - d. Losses above \$250,000 will be coordinated through and settled by insurance companies since these losses will exceed the System's deductible. The System Director, EHRM will work with the insurance company to facilitate an appropriate settlement.

6. REVIEW AND RESPONSIBILITIES

Responsible Party: Associate Vice Chancellor for Plant Operations

Review: Every three years on or before May 1

7. APPROVAL

Approved:

John Rudley
Vice Chancellor for Administration and Finance

Jay Gogue
Chancellor

Effective Date: November 30, 2006

8. INDEXING TERMS

Insurance
Risk Management

Exhibit A

University of Houston System Property Loss Claim Report

Campus _____

Location of Loss (include building and room) _____

Description of Item (s) Lost or Damaged (Attach photos) _____

Were any people injured? _____ If yes, explain _____

Original Cost and date acquired (attach receipts if available) _____

Replacement Cost (attach receipt) _____

Description of Incident and Cause of Loss (use an attachment if needed)

Additional Information that may be helpful _____

Report Submitted by _____

Department/Title _____

Phone _____