

**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 insurable property of the University of Houston System.

2. POLICY

- 2.1. System universities, colleges, departments, and divisions should protect System 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.
- 2.2. The insurance program only responds to insurable losses and not mechanical breakage, maintenance, upgrades, any excluded peril on the property policy, or wear and tear.
- 2.3. Each university should designate one representative to report and coordinate claims handling with the Risk Management department.
- 2.4. It is the responsibility of the departments to mitigate potential losses of University owned personal property or contents in their department or area if feasible and they are safely able to do so. For potential weather events that are anticipated (examples: hurricanes, tropical storms, a deep freeze), the department must take all practicable actions to mitigate their potential loss, especially if the department has any high dollar property, equipment, or research that may be impacted.

3. DUTIES IN THE EVENT OF A LOSS

- 3.1. In the event of a loss to University owned property, duties of the departments, colleges, divisions, or universities are as follows:
 - 3.1.1. Give written notice to Risk Management of any loss or damage;
 - 3.1.2. Take all reasonable steps to protect the property from further loss or damage;

- 3.1.3. Furnish a complete inventory of the lost, destroyed, damaged property, showing quantities, and amount of loss claimed. Preferable mode of data collection for this is the [Risk Management Contents Loss Reporting form](#);
- 3.1.4. Furnish any and all other documents that Risk Management or the insurance carriers may reasonably require;
- 3.1.5. Allow Risk Management or the University's designated insurance representative to access and inspect any of the damaged or undamaged property; and
- 3.1.6. Do not remove damaged property from the premises or discard it without approval from Risk Management.
 - A. In some cases, Risk Management or the insurance carrier may opt to salvage damaged items for insurable property that is being replaced by insurance funds. In that situation, the damaged items will be removed by either Risk Management or the insurance adjuster or their representative.
- 3.2. Failure to comply with the duties in the event of the loss could result in an insurance claim denial, in part or in whole, of any financial compensation for the claim. Determination of a claim denial will be determined either by the insurance adjuster and/or the Director of Risk Management.
4. CLAIM REPORTING
 - 4.1. Claims should be reported to Risk Management within 2 business days of the incident/event, if at all feasible. If damage or loss is discovered beyond this time period, then immediate reporting to Risk Management upon becoming aware of a loss is required. Insurance claims can be denied by insurance companies for failure to report claims in a timely manner. All claims or potential claims must be reported to Risk Management as soon as practicable after any loss or damage occurring.
 - 4.2. Risk Management should be provided all pertinent information pertaining to the damaged items, including:
 - 4.2.1. A completed [claim reporting form](#);
 - 4.2.2. A completed [Property Damage Assessment](#) with all applicable items included;
 - 4.2.3. Photos of damaged property;
 - 4.2.4. Any Police or Fire Marshal reports, if applicable; and

- 4.2.5. If and when requested by Risk Management, any applicable invoices, quotes, receipts, purchase orders, or other related documentation for damaged or destroyed property.

5. DESCRIPTION OF PROPERTY CLAIM REIMBURSEMENT PROGRAM

- 5.1. The property claim program is administered by Risk Management.
- 5.2. The System maintains a \$250,000 deductible on its property insurance coverage for most perils or as outlined in the property insurance policy. Specifically regarding Named Storms, there is a deductible of 2% of the value per Unit of Insurance as reported on the latest statement of values, subject to a minimum of \$500,000 for any one occurrence.
- 5.3. Each university is responsible for the full applicable deductible for each claim.
 - 5.3.1. Insurance claims payments will not provide any compensation until the cost of damage exceeds the deductible.
- 5.4. Each university should determine whether an internal deductible is passed down to colleges, divisions, or departments.
- 5.5. If the loss affects more than one department, the deductible may be shared between departments based on the extent of property damage for each department.
- 5.6. Insurance will pay covered losses that exceed the university deductible. Risk Management will coordinate the claim investigation and, if appropriate, settlement with insurance companies.
- 5.7. Losses covered by insurance coverage will pay replacement cost for items requiring repair or replacement provided that appropriate documentation is presented from the University, but will only pay actual cash value (replacement cost less depreciation) for items not replaced.
 - 5.7.1. If any upgrades to existing property are made during the course of recovery, they will not be compensable by insurance or by any System funds.
 - 5.7.2. Items that are insurable will be replaced with property that are like, kind, and quality of the damaged property.

6. SETTLEMENT AUTHORITY

- 6.1. Settlement authority for loss or damage to university property is as follows:
 - 6.1.1. The System Director, Risk Management may settle claims up to \$25,000.

