

University of Iowa June 2008 Flooding—Insurance FAQs

How does our department get permission to examine our area, furnishings and equipment to see about damages?

Department staff will have the opportunity to inspect damaged property. The Provost's Office is coordinating this. Equipment needs to be evaluated to determine if repair or replacement is needed. The Risk Management and Purchasing departments will work to assist you; please be patient with us, as we are trying to help many people at once.

We have some items that may be salvageable, but we'll need to spend some money right away to save them from further damage. Is this an insurable expense?

If you can prevent further expensive damage by spending a little extra money now—buying a tarp to protect equipment left outside from rain/sun, or freeze-drying valuable books to avoid mold damage, for instance—it is both common sense and likely an insurance-reimbursable expense to do so. Start plans to do it right away, and contact Risk Management as soon as possible to confirm the preservation expense is insured.

What kind of insurance is available to help with flood losses?

The University of Iowa is insured for the flood for property loss and business interruption with FM Global. The University also has flood insurance through the National Flood Insurance program. The amounts of insurance are limited based upon the building and location. FEMA and the State of Iowa may also provide financial support beyond that available from commercial insurance.

What is the process for filing a claim for flood losses?

The Risk Management department will be working with the insurance carrier and will assist departments in identifying and submitting expenses associated with the flood. The first step is a careful assembling of a detailed and complete inventory list of your lost property and damages. Disaster restoration vendors are authorized to assist in the inventory process. Risk Management will be including your department's inventory information in the overall insurance claim.

How do we document specific losses for our claim? *(updated 06/27/08)*

All losses must be documented, with detail about the lost or damaged equipment, amount of supplies damaged, and/or any building repairs needed. Inventory records, purchase receipts, or other proofs of costs incurred are helpful. Photographs or video of the facility pre-flood would be helpful, too, if you have them. Photographers will be allowed in the buildings to record equipment that cannot be salvaged. The photos will be used to help determine replacement cost. The department should assist with this recording process. In order to maintain the integrity of asset records in the University's capital assets system, departments should complete the *Deductions & Surplus Flood Form* (<http://www.uiowa.edu/~fusprop/forms/dsff.doc>) and send it to the Property Management Office (campus mail 609 JB).

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How is our damaged/lost property valued for the insurance claim?

Insurance coverage is meant to help restore the University to the same financial condition as prior to the event (the flood). The University will be able to file a claim for “replacement value” for the damaged equipment or buildings. Damaged contents will be inventoried by the disaster restoration vendors and the insurance company will determine any salvage value.

What valuation is insurance likely to pay?

Insurance will first owe the cost for repairs, if repairs are possible. If an item cannot be repaired, and the item is to be replaced, the insurance carrier will owe for the replacement either for the same item or one of “like kind and quality” to the item lost—equipment that is the most functionally equivalent to that damaged or destroyed. If an item was damaged or lost but will not be replaced, the insurance carrier will owe the Actual Cash Value basis (depreciated value) of the damaged item.

If our equipment and furnishings are damaged, can we just throw it out and file a claim for new replacements? (updated 06/27/08)

Not if you want to file a claim for the property. Equipment must be repaired, rather than replaced, if the cost to do so is lower. The insurance company determines if equipment can be repaired, so don't throw things away if you will be making a claim for it until an insurance company representative has had a chance to examine it. Equipment that is being replaced because it cannot be repaired must be *inventoried* and then *approved* before it is discarded. (The insurance company also has the option to take damaged property as salvage, in exchange for payment of replacement cost.) In order to maintain the integrity of asset records in the University's capital assets system, departments should complete the *Deductions & Surplus Flood Form* (<http://www.uiowa.edu/~fusprop/forms/dsff.doc>) and send it to the Property Management Office (campus mail 609 JB).

We had to purchase supplies to make it through the flood period. Can we file for an insurance claim for these supplies?

Supplies that are purchased because you don't have access to your building/area are *not* a reimbursable expense. They would become part of your ongoing stock. On the other hand, if supplies were *damaged* by the flood, an insurance claim should be requested. Documentation regarding the replaced inventory will be requested, so save your receipts!

We can't get at some stuff in flooded buildings that we need urgently. How can we go about obtaining replacements very soon?

If supplies cannot be accessed in buildings affected by the flood and are needed for the summer session, replacement supplies should be ordered right away. The Purchasing Department will assist you. Save your receipts for possible insurance claims!

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What if we want to upgrade furnishings and equipment damaged in the flood? Will insurance cover that?

The purpose of insurance is to put the University in the same financial position as before the event occurred. If the department or the university wants to upgrade in any way (called “betterment” in insurance terms), the cost will be borne by the department or the university. That is, if an item can be repaired, the insurance carrier will owe for the repair, or for an equivalent replacement if no repairs are possible. If however, the University decides to “upgrade” by replacing a damaged item with a newer or nicer item, the expense associated with the “upgrade” will be the responsibility of the University or the department.

Are my personal items covered by University insurance?

The University’s insurance policy *does not cover personal items* lost in the flood. Claims for personal items lost in the flood should be submitted to your personal homeowner’s or renter’s insurance carrier.

What are guidelines to charge labor to the flood accounts?

- Merit chargeable employees (who charge out time to customers via timekeeping system) – may charge flood accounts for flood preventative/protective measures and recovery/repair/replacement measures (such as ordering equipment and supplies damaged by the flood).
- Merit non-chargeable employees (who do not charge out time to customers via timekeeping system) – retain any documentation used to track time spent on relevant flood related activities. Additional information will be sent from HR on this topic.
- P&S/Faculty/Other employees – retain any documentation used to track time spent on relevant flood related activities. Additional information will be sent from HR on this topic