

Property Insurance - State Insurance Fund

A number of years ago the Alabama legislature created, by statute, a State Insurance Fund (SIF) for the purpose of insuring buildings and contents owned by state agencies and institutions, including public universities, against physical loss. The SIF is administered by the Division of Risk Management (DORM) in the Alabama Department of Finance.

The SIF insures University buildings and contents (moveable property not attached to a building), along with certain other property, such as miscellaneous property (*e.g.*, athletic field lighting, scoreboards), mobile, self-propelled equipment (*e.g.*, lawnmowers, lawn tractors), non self-propelled heavy equipment (*e.g.*, generators, trenchers, etc.), etc. Buildings and contents are insured on a replacement cost value (RCV) basis, except that certain older structures and building contents above \$50,000 are insured at “stated value.” Each year the University works with DORM to develop a list of insured buildings and other items (the “Schedule of Properties”), along with agreed-upon values for each item. Buildings and contents insured at RCV must be insured at 100% of the replacement cost. Buildings or other property acquired or constructed during the year are automatically covered and are added to the Schedule by notification to DORM or at the time of the next policy renewal.

Loss due to burglary is covered. A sign of forced entry into the building must be evident, however.

Leased or rented property can be insured if the lessor-owner requires insurance.

The SIF insurance carries a \$5,000 per occurrence deductible that generally applies per line item in the Schedule. Certain other deductibles may also apply.

The SIF policy provides other coverage options, such as insurance on entity-owned property while in transit from one location to another, extra expense coverage to pay the costs incurred in continuing operations after a loss, etc.

Property owned by an employee and used in the workplace is not insured.

The premium payable for SIF insurance is based on the aggregate value of insured buildings, contents, and other property. The statute creating the SIF mandates the application of an across-the-board rate discount, and a discount for a particular insured (the “individual risk premium modification”) is also applied based on several factors relating to the specific insured entity.

An endorsement to the buildings and contents insurance adds electronic data processing (EDP) coverage, which protects computer and related electronic equipment as well as data/media. Subject to certain deductibles and up to the limits of coverage, this insurance will pay for repair or replacement of the equipment and/or restoration of the data lost. Another endorsement provides coverage for major equipment systems, such as steam boilers and other pressure vessels, air conditioning and HVAC systems, transformers, electrical switchgear and panels, motors, pumps, refrigeration equipment, air tanks, etc.

DORM also handles claims from insured entities for damage to or loss of SIF-insured property. A claim should be reported to the Office of Counsel/Risk Management (x 6633) and to the Senior Business Services Assistant (x 6485). These offices/officials will work with you to provide DORM with the information it requires to process a claim. Some additional recommendations are included in the document “Property Damage or Loss – Recommended Actions” (accessible on the “Insurance” page on this website.)

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