




STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

RISK 07.102

September 28, 2006

TO: Heads of Departments and Agencies

ATTN: Risk Management Coordinators

FROM: Russ K. Saito
State Comptroller 

SUBJECT: Procedures and Guidelines for Implementing
Act 173, SLH 2006

The State Risk Management and Insurance Administration Law (the Law), Hawaii Revised Statutes (HRS) 41D-4(g), was amended effective July 1, 2006 by the passage of Act 173, SLH 2006 in two important ways. First, it allows money received from the settlement of claims or losses of the State to be deemed trust moneys. Second, it authorizes the State Comptroller to exercise his discretion in allowing these moneys to be deposited directly into the affected agency's trust account instead of into the State Risk Management Revolving Fund (the Fund).

The amendment of the Law was necessary because the Fund had required emergency appropriations in each of the past three legislative sessions to increase its spending ceiling to disburse insurance proceeds to the affected agencies. Because trust accounts do not require an appropriation ceiling, insurance proceeds can now be deposited to an affected agency's trust account and expended without legislative action.

The enclosed "Procedures and Guidelines" (P&G) were developed to implement Act 173. The P&G establishes standardized procedures, guidelines, and forms for the processing of claims and funds received from insurance companies. It also sets forth the responsibilities of each party involved in the settlement of claims. The parties include the affected agency, the Program, the Insurance Broker, and the Insurer.

Please review and forward the enclosed P&G to your department risk management coordinators as this is the governing document in the event of a significant loss. All forms and instructions can also be provided via email.

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If you or your staff have any questions, please call Ms. Julie Ugalde, Risk Management Officer, at 586-0550, or contact her by email at Julie.A.Ugalde@hawaii.gov.

Enclosures

c: Julie Ugalde, Risk Management Officer

DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES

RISK MANAGEMENT OFFICE

Procedures and Guidelines
for
Implementing Act 173, SLH 2006

Effective July 1, 2006

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RISK MANAGEMENT OFFICE

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Procedures and Guidelines for Implementing Act 173, SLH 2006

I. References. The documents listed below are referenced in these Procedures and Guidelines (“P&G”) for the implementation of Act 173, Session Laws of Hawaii 2006, hereafter referred to as Act 173.

1. Act 173.
2. Memo from Comptroller dated September 9, 2005 regarding the Risk Management Coordinators’ October 9, 2005 meeting on Procedures for Filing Property Insurance Claims.
3. Request for Proposal No. RFP-05-013-SW, Insurance Brokerage Services
4. Proof of Loss.
5. Inventory reporting requirements – Chapter 103D, Part XII, Hawaii Revised Statutes and Chapter 3-130, Hawaii Administrative Rules.
6. Records Retention - State of Hawaii – Accounting & General Services – Archives Division, Administrative Records, General Records Schedule No. 1, 2002: 1.9 Risk Management Files.

II. Purpose. The purpose of this document is to establish standardized procedures and guidelines for processing funds received from insurance companies as settlement of a property or crime loss incurred by the State as a result of a large loss incident (“Incident”). Examples of such Incidents may include: natural disasters such as floods, earthquakes or tsunami, or man-made disasters such as large fires and dishonest acts of employees resulting in a significant loss of property or money.

III. Scope. The P&G applies to property and crime insurance Incidents.

IV. Objectives. This document will provide all State departments/agencies (“Department”) with the necessary information regarding reimbursement funds for Incidents. This document will also establish standardized means for responding to, documenting and recording each event, and each parties’ responsibilities for complying with such requirements. The following specific objectives must be met to comply with the requirements of Act 173.

1. Provide standardized information for implementing Act 173.
2. Establish forms to document and report details of an Incident.
3. Identify agencies or individuals who have key roles and responsibilities under these P&G.
4. Develop a general procedure for processing information regarding an Incident.
5. Develop a general timeline for processing information during an Incident.
6. Develop a means of accounting of the funds related to the Incident.

V. Responsibilities. In order to expedite the processing of claims, receipt of settlement funds, and expenditure of those funds, DAGS and the State Risk Management Officer have developed the following objectives and areas of responsibility.

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Comptroller. The Comptroller will have overall responsibility for directing, coordinating and managing these P&G in accordance with Act 173.

- a. The Risk Management Office (RMO) will accomplish the following:
 - (1) Serve as the coordinator for these P&G.
 - (2) Serve as the liaison between the Department sustaining the loss (Department), Insurance Broker and Insurer.
 - (3) Issue the insurance deductible to the Department.
 - (4) Review copies of correspondence and payments from the Insurer or Department.
 - (5) Attend claims reviews as necessary.
- b. The Insurance Broker. The individual representing the Insurance Broker will work closely with the RMO and the Department and provide the following services:
 - (1) Assist and provide necessary information to expedite processing of Incident.
 - (2) Serve as the State's advocate in case of disputes.
 - (3) Monitor Incident claim status.
 - (4) Conduct claims reviews as necessary.
- c. The Insurer (Insurance Company). The individual representing the Insurer will work closely with the RMO and the Department and provide the following services:
 - (1) Assign an adjuster to investigate and determine the scope of loss for any Incident.
 - (2) Advance insurance proceeds to the Department if warranted.
 - (3) Furnish copies for all correspondence and payments made to the Department to the RMO.

Department of the Attorney General (AG). The AG has provided legal advice as to the requirements of Act 173 and prepared a standard Memorandum of Agreement (MOA) to be used by the Department. See Appendix 2, Memorandum of Agreement, for sample copy.

Each Department will complete the following actions:

- a. Maintain a current P&G document on file.
- b. Appoint an individual(s) to serve as POC for each Incident who will serve as the Department's Point of Contact (POC) and be responsible for consolidating, compiling, and submitting all required reports in the prescribed formats. The POC will keep the RMO informed on the progress of each Incident in the Department.
- c. Prepare and submit documents for reimbursement directly to the Insurer. The appendices listed below can be used to assist in reporting and documenting each Incident claim.

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- (1) Appendix 3, State of Hawaii Property Loss Reporting Process Flowchart, can be used as a guide to identify the types of information to be collected and documented and the flow of communication between agencies involved.
 - (2) Appendix 4, Procedures for Filing Property Insurance Claims, contains the required forms and additional procedures for processing property loss claims.
- d. Forward a copy of all correspondence relating to the Incident to the RMO.
 - e. Deposit insurance proceeds into the designated trust account.
 - f. Provide the RMO copies of the Proof of Loss form, signed by the Department head and checks received from the Insurer to substantiate advance or partial payments from the Insurer.
 - g. Review and approve the final Proof of Loss form, to be submitted to the Comptroller for approval and signature, in the final settlement of the loss.
 - h. Provide a quarterly report on all transactions in the Department's trust account, including interest earned, if any, on a per incident basis, to the RMO by the fifteenth (15) of the month subsequent to the quarter end.

VI. Process.

1. Pre-Incident Phase.
 - a. During this phase, each Department will complete the following:
 - (1) Become familiar with the contents and procedures outlined in this P&G document.
 - (2) Create a trust account for depositing insurance proceeds that shall be entitled: *Risk Management – Fire & Casualty Losses*, and provide a copy of the memorandum from DAGS-Accounting Division documenting the establishment of the new trust account.
 - (3) Establish its own procedures to meet these P&G requirements.
 - (4) Maintain all forms required for complying with these P&G.
 - (5) Maintain a copy of the MOA format. See Appendix 2 for sample copy.
 - (6) Maintain a current inventory of assigned property – for assessed value & will notify the RMO within 30 days of any significant changes.
 - (7) Periodically review and update this document.
 - b. The Risk Management Office (RMO) will be responsible for the following:
 - (1) Furnish Departments with information which can be used as a guide to identify the types of information to be collected and documented and the flow of communication between agencies involved. This information is contained in Appendix 3, State of Hawaii Property Loss Reporting Process Flowchart.

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- (2) Provide Departments the required standard forms and format for submitting claims to the Insurer. Appendix 4, Procedures for Filing Property Insurance Claims, contains the necessary forms and format to document and submit property loss claims.
- (3) Periodically review and update this document.

2. Incident Duration Phase.

- a. The affected Department will complete in a timely manner the following:
 - (1) Be familiar with the general MOA format and contents of these P&G and execute the MOA that establishes the parameters and requirements regarding the management of the Incident.
 - (2) Use Appendix 3 to identify the types of information to be collected and documented and the flow of communication between agencies involved and Appendix 4 which contains the required forms and format to document and submit property loss claims.
 - (3) Ensure that expenditures from the trust account are only used for the purposes of the settlement claim, for example, the construction/repair of damaged or destroyed facilities, replacement of damaged or destroyed contents/equipment, and additional costs directly related to the loss, such as:
 - (a) Clean-up costs and debris removal,
 - (b) Rental of temporary facilities,
 - (c) Staff labor and expenses, and
 - (d) Other costs as approved by the insurance company.
 - (4) Deposit insurance proceeds received directly from the Insurer into the established *Risk Management – Fire & Casualty Losses* trust account.
 - (5) Provide a quarterly report on all transactions in the trust account, including interest earned, if any, on a per incident basis, to the RMO by the fifteenth (15) of the month subsequent to the quarter end.
 - (6) All transactions in the trust account will be subject to the review and inspection by the Insurer and the RMO.
 - (7) Explain, justify, and document all claims to the Insurer and all disbursements from the trust account to the RMO.
 - (8) Use claim forms provided by RMO and/or Insurer.
 - (9) Complete all reports required by the insurer and RMO by the due dates established in Appendix 5, Timeline for Accounting and Processing.
 - (10) Attend annual meetings with the RMO to review all outstanding claims and status of the trust account.
 - (11) Comply with requirements of these P&G.
 - (12) Be responsible for:

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- (a) Reviewing the Insurer's partial payments and if approved, signing the partial Proof of Loss form, and
 - (b) Reviewing the final settlement of the claim and if approved, initialing at the claimant signature line on the Proof of Loss form.
 - (13) The Department's failure to comply with any terms of the MOA will result in the demand of any unexpended proceeds held in the trust account and all future proceeds to the trust account to be submitted to the RMO for deposit in a DAGS trust account, the administration of which, including any expenditures, to be directed by the RMO.
 - b. The Risk Management Office (RMO) will:
 - (1) Report the Incident to the Insurer and meet with representatives of the Insurer and Department to discuss the processing of the claim.
 - (2) Subsequent to the execution of the MOA, the RMO will authorize the Insurer to make payments for the losses directly to the Department sustaining the loss.
 - (3) Issue the insurance deductible to the Department. No other payments will be made by the RMO.
 - (4) Act as the liaison between the Insurer and the Department.
 - (5) Assist the Department with any issues and/or disputes with the Insurer regarding the Incident.
 - (6) After the Department has approved the final settlement (and initialed the Proof of Loss form at the claimant signature line), the RMO shall secure the final Proof of Loss for review by DAGS, and if approved, obtain the Comptroller's signature.
3. **Post Incident Phase.** The following actions must be completed in a timely manner. This phase memorializes all actions taken to mitigate an Incident and is intended to serve as a means to anticipate, prevent, and manage future Incidents. See Appendix 6, Post Incident Report, for format.
- a. The Department will submit a copy of the completed file of documents to the RMO within 60 days after the closing of the claim.
 - b. The Department and RMO will provide written feedback on problems and/or accomplishments encountered during the Incident in the format provided in this P&G within 30 days of the closing of the claim.
 - c. The Department and RMO will maintain copy of the documents for 5 years after the closing of the claim.
 - d. The RMO will disseminate information collected from the Post Incident report to other Departments to inform, educate, and guide the Departments in processing future Incidents.

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VI. Appendices

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- 2 Memorandum of Agreement.
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 - b. Transmittal letter to the insurer format
 - c. Proof of Loss (sample form)
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APPENDIX 1

Act 173

Report Title: Settlement of Claims; Fund Deposit

Description: Authorizes the comptroller to exercise discretion to deposit money received from the settlement of claims or losses of the state into an affected agency's account instead of the state risk management revolving fund.

ACT 173

THE SENATE
TWENTY-THIRD LEGISLATURE, 2006
STATE OF HAWAII

S.B. NO. 2237
S.D. 1
H.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO STATE RISK MANAGEMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 41D-4, Hawaii Revised Statutes, is
 2 amended by amending subsection (g) to read as follows:
 3 "(g) Money received from the settlement of claims or
 4 losses of the State as delineated in subsection (a) shall be
 5 deemed to be trust moneys and may be deposited into the state
 6 risk management revolving fund [-] or into a trust account with
 7 and under the control of the affected agency at the discretion
 8 of the comptroller. These moneys and any interest earned
 9 thereon shall be used for the purpose identified in any such
 10 settlement."

11 SECTION 2. Statutory material to be repealed is bracketed
 12 and stricken. New statutory material is underscored.

13 SECTION 3. This Act shall take effect on July 1, 2006.

JAMES R. AIONA JR.
ACTING GOVERNOR

GOVERNOR OF THE STATE OF HAWAII

Approved this day: JUN 6 2006

2006-2844 SB2237 CD1 SMA.doc



MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (“MOA”) is effective as of _____, 2006, between the Department of Accounting and General Services, State of Hawaii, (“DAGS”) by its Comptroller, whose address is 1151 Punchbowl Street, Suite 412, Honolulu, Hawaii, 96813 and _____, (“Department”) by _____ its _____, whose address is as follows _____.

Recitals

- A. The Department has received insurance proceeds for losses it has sustained.
- B. The Department seeks to expend those insurance proceeds in accordance with the law and the terms and conditions of the insurance policies generating such proceeds.
- C. DAGS is willing to assist the Department to achieve this purpose.

Now, therefore, in consideration of the promises contained in this MOA, DAGS and the Department agree as follows.

Terms and Conditions

Obligations of the Department

- 1. The Department shall create a trust account into which the Department shall deposit the insurance proceeds it receives as settlement of claims or losses it has sustained. The Department shall identify this trust account as the “Risk Management– Fire & Casualty Losses” account.
- 2. The Department shall make expenditures from the trust account only for the purposes identified in the settlement: to replace, acquire, construct, or repair damaged or destroyed facilities, building contents/equipment, and for any additional costs directly related to the loss, including, but not limited to:
 - a. Clean-up costs and debris removal,
 - b. Rental of temporary facilities,
 - c. Staff labor and expenses, and
 - d. Other costs as approved by the insurance company which provided the proceeds for the loss.
- 3. The Department shall deposit all insurance proceeds received directly from the insurance company (“Insurer”) into the trust account.
- 4. The Department shall provide a quarterly report of all transactions in the trust account, including interest earned, if any, on a per incident basis, to the State Risk Management Officer (“RMO”) by the fifteenth (15) of the month subsequent to the quarter end. All transactions in the trust account will be subject to the review and inspection by the Insurer and the RMO.

5. The Department shall document its claims to the Insurer and its expenditures from the trust account to the RMO on forms provided by the Insurer and RMO respectively.
6. The Department shall submit all reports required by the Insurer(s) and the RMO by the deadlines established by the Insurer and the RMO respectively.
7. The Department shall review for approval the insurer's partial payments, and if approved, sign the partial proof of loss form. The Department shall review for approval the final settlement of the claim, and if approved, initial the claimant signature line on the proof of loss.
8. Failure by the Department to comply with any of the terms of this MOA will result in the demand for any unexpended proceeds held in the trust account and all future proceeds to the trust account to be submitted to the RMO for deposit in a DAGS trust account, the administration of which, including any expenditures, to be directed by the RMO.

Obligations of DAGS and the RMO

1. The RMO shall report the loss to the Insurer and meet with representatives of the Insurer and the Department to discuss the processing of the claim.
2. Upon the execution of the MOA, the RMO shall authorize the Insurer to make payments for the losses directly to the Department sustaining the loss.
3. The RMO shall provide the Department the necessary forms to submit its claims to the Insurer.
4. The RMO shall provide the Department with procedures and training on the processing of property losses.
5. The RMO shall issue the insurance deductible to the Department. No other payments will be made by the RMO.
6. The RMO shall act as a liaison between the Insurer and the Department.
7. The RMO shall assist the Department with any issues and/or disputes regarding the Department's claims.
8. The RMO shall secure the Final Proof of Loss and obtain the Comptroller's signature once the Department has approved the final settlement and initialing the form at the claimant signature line.

Term of MOA. The term of this MOA shall be effective as of the date indicated above until the claim is closed with the Insurer and the RMO, unless earlier terminated by DAGS.

Modifications. Any changes to this MOA shall be only be effective upon the mutual written agreement of the parties.

DAGS

By its Comptroller

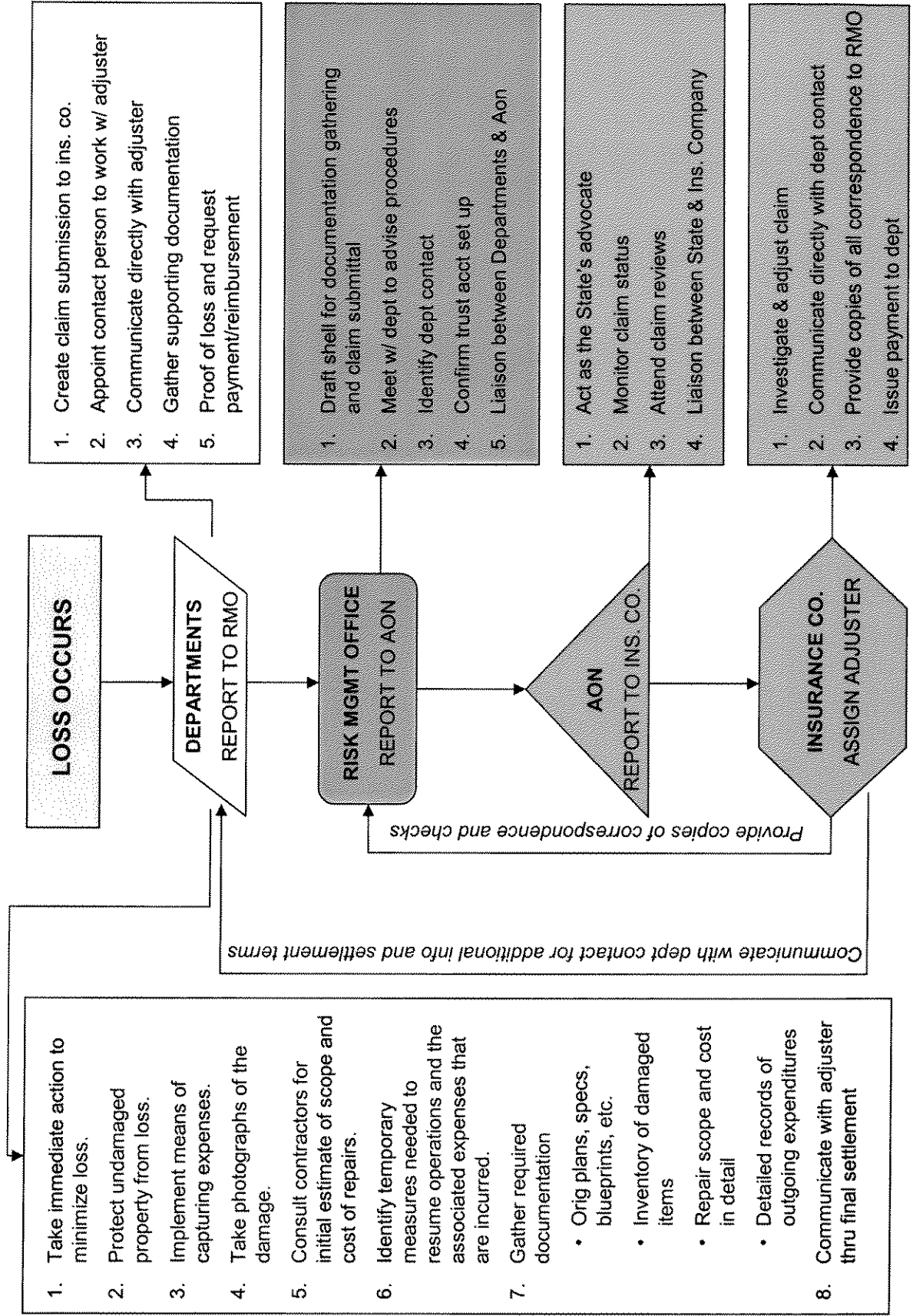
Date: _____

DEPARTMENT

By its _____

Date: _____

State of Hawaii Property Loss Reporting Process Flowchart



APPENDIX 4:

PROCEDURES FOR FILING PROPERTY INSURANCE CLAIMS (revised eff. 7-1-06)

The Risk Management Office (RMO) will be the point of contact for any large property loss, or disaster, in order to coordinate claims against the property insurance carrier and/or with State Civil Defense.

Insurance coverage is afforded for damage to real property, personal (State) property, loss of rental income, artwork, extra expense, loss of valuable papers, extended coverage, pollutant/contaminant clean-up and other expenses.

In order to document any damage that might result in the event of a large loss, hurricane or other similar catastrophe, please utilize the following procedures and forms. The initial reports and claim forms are to be submitted to the RMO within 5 working days after the loss. A claim file will be created for each location, therefore, it is requested that expenses are identified by location.

The following forms, which are patterned after the Federal Emergency Management Agency (FEMA) forms, will aid you in keeping track of your costs and expenses:

1. Force Account Labor Summary Record (RM-FALSR)
2. Force Account Equipment Summary Record (RM-FAESR)
3. Materials Summary Record (RM-MSR)
4. Rented Equipment Summary Record (RM-RESR)
5. Contract Work Summary Record (RM-CWSR)
6. Other Extra Expenses Summary Record (RM-OEESR)
7. Applicant's Benefits Calculation Worksheet (RM-ABCW)
8. Personal Property Damage Summary Record (RM-PPDSR)

These forms and procedures are on Microsoft Excel and Microsoft Word and can be provided to you on diskette or via e-mail. Please contact the Risk Management Office to request the forms.

PROCEDURES:

1. DETERMINATION OF VARIOUS CATEGORIES AND SUBCATEGORIES OF CLAIMS.

Generally speaking, all recoverable expenses are associated with a building. The categories for receiving reimbursement or payment from the State's **property insurance policy** must fall within the definition of the following:

- A. Real Property: buildings, additions-extensions, fixtures, machinery and equipment constituting a permanent part of the building that services the building and yard fixtures.

Procedures for Filing Property Insurance Claims
(revised eff. 7-01-06)

- B. Personal (State) Property: furniture and fixtures, machinery and equipment, stock, materials, supplies, mobile equipment (actual cash value) and property held in trust or on commission or consignment for which the State is legally liable. In addition, books, abstracts, card index systems, magnetic recordings or storage media are covered. Tenant improvements and betterments, whether or not they are permanent or an integral part of the building. Coverage is afforded to leased property that the State has a contractual responsibility to insure.
- C. Loss of Rental Income: any loss resulting directly from untenability caused by damage to or destruction of a building or structure.
- D. Art Work
- E. Extra Expense: an expense incurred in order to continue as nearly as possible normal operations i.e. rental of office space, trailers, mobile class rooms, equipment, extra cost of shipping, cost of extra work shift, etc.
- F. Loss of Valuable Papers: the cost to reconstruct valuable papers lost or damaged when a covered building is damaged or destroyed. This includes historical documents and the cost to reconstruct data processing media, i.e.: computer programs, records, etc.
- G. Extended Coverage: expenses incurred in the removal of debris, and/or an expense necessary to reduce the loss (temporary repairs). Also included within the scope of this coverage are: Fire Department charges, architects and engineering fees.
- H. Pollutant/Contaminant Clean-Up: the expense to extract pollutants and/or other contaminants from the insured premises (asbestos removal), limited coverage provided.
- I. Other Expenses: in-house labor charges to inspect damages and make necessary repairs; travel, lodging, car rental, and meals may be reimbursable under this coverage. This expense is restricted to costs directly related to a building.

2. NECESSARY DOCUMENTATION FOR INSURANCE CLAIMS.

The following guidelines are to be used to substantiate the claim:

REAL PROPERTY - BUILDINGS & STRUCTURES: Refer to appendix "A".

Procedures for Filing Property Insurance Claims
(revised eff. 7-01-06)

PERSONAL (STATE) PROPERTY - CONTENTS: Refer to appendix "A".

VEHICLES: Provide a list of vehicles that sustained loss, to include the year, make, model and license number, and a description of the damage. In the event of a disaster, claims for damaged vehicles are to be submitted to FEMA since the State is self-insured and this damage is not covered by insurance.

DEBRIS REMOVAL:

- A. Identify the building location from which the debris was removed using the Property Damage Assessment (PDA) completed by FEMA and the Project Worksheet (PW) number, if applicable.
- B. Provide the appropriate accounting support for the debris removal charges.
(see Appendix A)

PERSONNEL COSTS:

- A. Identify the building and/or location and/or the PW number.
- B. Submit time cards or daily summaries of hours, including a description of the tasks. See "Force Account Labor Summary Record" (RM-FALSR) form.
- C. Computation of the claimed hourly wage rate, which may consist of published hourly rate scales, or monthly or annual salary divided by the standard hours to develop an hourly rate.
- D. To the extent that extra wages are incurred, identify the premium portion of the pay and apply the variable portion of the payroll, such as payroll taxes, workers compensation and other costs, which increase in relation to the wages.

EXTRA EXPENSES:

- A. Identify the building and/or location and/or the PW no.
- B. Provide an explanation of how the extra expense served to reduce the property loss or maintain normal operations.
- C. Provide accounting support per appendix "A".

BUSINESS INTERRUPTION & LOSS OF RENTAL INCOME: (TIME ELEMENT)

To recover under the terms of the insurance policy, the loss of revenue must be a "DIRECT"

Procedures for Filing Property Insurance Claims
(revised eff. 7-01-06)

result of damage to or destruction of the insured property.

- A. Identify the building and/or location and/or the PW no.
- B. Describe the nature of the lost revenue and estimate the length of the loss period.
- C. Provide sufficient income history to make a projection of revenues lost during repair period. This should take into consideration any trends, seasonality or other factors that would influence revenues or rents.
- D. Provide a current financial statement accompanied by sufficient detail to determine those costs or expenses that varied or discontinued in the circumstances of the loss. These could include cost of sales, labor paid for property damage and extraordinary utilities, etc.

3. REPORTING OF A LOSS:

Claims originate from the departments. All requests for reimbursement must be accompanied by:

- Report of Loss or Damage to State Property (RMP-001) form
- FEMA's Request for Public Assistance form (if applicable)
- FEMA's PDA or PW numbers (if applicable)
- State's insurance adjuster's estimate

The departments are advised to submit any and all claims to the RMO for expenses incurred related to the incident. Departments should not take it upon themselves to determine if an expense is covered by the insurance policy, the RMO staff will make this determination.

In a disaster, FEMA claims should be handled in the same manner as with any other State department, through the State Civil Defense as their State disaster recovery coordinator. The RMO will work with the State disaster recovery coordinator to determine those expenses that are covered by insurance.

4. INSURANCE SETTLEMENTS:

The State's insurance broker will assist in processing a settlement on behalf of the State with the property insurance carrier. The State's insurance deductible for hurricane, flood or earthquake losses is 3% of the actual value of the buildings and 3% of the actual value of the contents that were damaged, with a minimum deductible of \$250,000 for the loss.

Procedures for Filing Property Insurance Claims
(revised eff. 7-01-06)

5. DISBURSING ADVANCEMENT AND REIMBURSEMENT TO EXPENDING AGENCIES:

Departments shall prepare a request to the DAGS- Accounting Division to establish a trust account to deposit insurance proceeds if an account has not already been created for this purpose. The trust account number must be provided to the RMO for the distribution of the insurance proceeds. Journal Vouchers or warrants will be issued to the departments for all or that the portion of the claim that falls within parameters of the insurance policy.

6. REPORTING CRITERIA TO MONITOR THE PROGRESS OF THESE ACTIONS.

Departments may be required to submit a monthly status report of restoration work and periodic telephone calls will be made to check progress and offer risk management assistance.

The RMO staff, at 808-586-0547, is available to assist in the completion of the claim form and to answer questions regarding claims, insurance coverage, and reimbursement.

Procedures for Filing Property Insurance Claims
(revised eff. 7-01-06)

APPENDIX "A"

Accounting supporting documentation, such as purchase orders and invoices, are required for all claimed costs, with the exception of force account labor (refer to page 3), includes the following:

1. Computer generated summaries that capture all major property loss, or disaster, damage related expenses and costs.
2. Requisition of the expense.
3. Purchase Order supporting the requisition.
4. Invoices for the expenses related to the Purchase Order.
5. Contracts in response to the Requisition and/or Purchase Order. The contract should be detailed and itemized and follow as closely as possible the insurance company estimate (estimate), if applicable. Any and all differences must be fully explained if the cost exceeds the estimate.
6. Upon the department's review and approval of the estimate, a final loss settlement will be provided by the insurance adjusters. With the final loss settlement, the repair or replace may proceed. It is the department's responsibility to carefully review these estimates and to negotiate as needed with the insurance adjusters as to any differences so that the department may approve what is considered to be a fair settlement of covered claims.
7. Departments for which the Public Works Division normally administers the building projects should contact the Public Works Division for assistance in determining the adequacy of the estimates if applicable.
8. When applying for reimbursements from Risk Management, please complete the Report of Loss or Damage to State Property (RMP-001) form and include the estimate and/or FEMA's PW, as part of your supporting documents.

(RM use)
STATE OF HAWAII
REPORT OF LOSS OR DAMAGE OF STATE PROPERTY
(Risk Management)

DEPARTMENT : _____

UNIT/SCHOOL: _____

1. TYPE OF LOSS (): Theft _____ Fire/Arson _____ Vandalism _____
Storm _____ Other(Specify) _____

2. DATE INCIDENT DISCOVERED _____ TIME _____ A.M./P.M.

3. DATE INCIDENT OCCURRED _____ TIME _____ A.M./P.M.

4. HOW WAS LOSS DISCOVERED?

5. WHO DISCOVERED LOSS? _____ TITLE _____

6. WHO IS RESPONSIBLE FOR PROPERTY? _____ TITLE _____

7. AMOUNT OF LOSS \$ _____

ATTACH A COPY OF THE DETAIL INVENTORY OF PROPERTY REPORT OR OTHER DOCUMENTS AND INDICATE THE ITEMS THAT ARE INVOLVED IN THE LOSS. IN ADDITION, INDICATE NEXT TO EACH ITEM THE BUILDING AND ROOM NUMBER WHERE THE PROPERTY WAS LOCATED, IF APPLICABLE. NOTE: THIS ITEM MUST BE COMPLIED WITH IN ORDER TO VERIFY EXISTENCE OF THE PROPERTY.

8. IF CRIME SUSPECTED:

a. WHERE ENTRY MADE _____ MANNER _____
(Building & room number) (window/door/louvre/etc.)

b. SECURITY _____ TYPE OF SYSTEM _____
(Fire/burglar/patrol/etc.) (Window/gate/alarm/lights/etc.)

c. INCIDENT REPORTED TO LOCAL POLICE: NAME _____
BADGE NUMBER _____ STATION _____
DATE _____ TIME _____

9. OTHER PERTINENT INFORMATION

I CERTIFY THAT THE ABOVE IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Signature /Phone No.

Date

STATE OF HAWAII
SUPERVISOR'S REPORT OF LOSS OR DAMAGE OF STATE PROPERTY
(Risk Management)

GENERAL DESCRIPTION OF PROPERTY LOST OR DAMAGED:

BUILDING & ROOM NO. _____ \$ _____ TOTAL

A N A L Y S I S

WHAT ACTS, FAILURE TO ACT AND/OR CONDITIONS CONTRIBUTED MOST DIRECTLY TO THE LOSS?
WHAT ARE THE BASIC OR FUNDAMENTAL REASONS FOR THE EXISTENCE OF THESE ACTS AND/OR CONDITIONS?

EVALUATION

LOSS SEVERITY POTENTIAL: MAJOR SERIOUS MINOR RARE

PROBABLE RECURRENCE RATE: FREQUENT OCCASIONAL

P R E V E N T I O N

WHAT ACTION HAS OR WILL BE TAKEN TO PREVENT RECURRENCE? LIST ALL ACTIONS IN ORDER.

1.
2.
3.
4.

GIVE DATE OF IMMEDIATE ACTION TAKEN. GIVE DATE WHEN ACTION COMPLETED.

IMMEDIATE ACTION 1. _____ 2. _____ 3. _____ 4. _____
ACTION COMPLETED 1. _____ 2. _____ 3. _____ 4. _____

INVESTIGATED BY: _____ DATE _____ PHONE # _____

SUPERVISOR

REVIEWED BY: _____

RISK MGMT. COORDINATOR DATE _____ PHONE # _____

NOTE: IN ORDER TO RECEIVE REIMBURSEMENT, PARTS 1, 2 AND 3 MUST BE COMPLETED.

STATE OF HAWAII
SUPERVISOR'S REPORT OF LOSS OR DAMAGE OF STATE PROPERTY
LIST OF PREVENTIVE ACTIONS NOT IMPLEMENTED AND REASONS
(Risk Management)

Action
No. *

R E A S O N

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
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_____	_____

* From Part 2 - Prevention

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

FORCE ACCOUNT LABOR SUMMARY RECORD (RM-FALSR) INSTRUCTIONS

Force account is the term to refer to your own personnel and equipment. Keep the following points in mind when compiling force account labor information:

- * Record regular and overtime hours separately.
- * Record the benefits separately for regular and overtime hours. Most overtime hours include fewer benefits than regular hours.
- * Attach an Applicant's Benefit Calculation Worksheet giving a breakdown of what is included in your benefits, by percentages, e.g., social security – 15.2%, worker's compensation – 4.3%, insurance – 18.5%, etc. You can use an average rate if you have different benefit rates for different employees.

Complete the Record as Follows

1. **Applicant:** Enter your organization's name.
2. **PA ID:** Enter the computer tracking number that FEMA assigns to your organization. Your Public Assistance Coordinator can tell you what is if you don't know it.
3. **PW #:** Enter the project number that you have assigned to this project. If you know the project number assigned by FEMA, use that number.
4. **Disaster Number:** Enter the declaration number for this disaster here. The Public Assistance Coordinator can tell you what it is if you don't know it.
5. **Location/site:** Enter physical address or location of project.
6. **Category:** Enter category of work, if known.
7. **Period Covering:** Enter time period referenced for the information contained on this sheet.

FORCE ACCOUNT LABOR SUMMARY RECORD (RM-FALSR) INSTRUCTIONS

8. **Description of work performed:** Briefly describe the type of work that was performed.
- * **Name:** Enter the names of each employee who worked on the project.
 - * **Title:** Enter the title or occupation of each employee who worked on the project.
 - * **REG:** Enter the regular hours that each employee worked on the project.
 - * **OT:** Enter overtime hours that each employee worked on the project.
REMINDER: Only overtime is eligible for reimbursement for emergency work. Record both regular and overtime hours, so that personnel hours can be compared with equipment use hours, if necessary.
 - * **Total HR:** Total the hours for each employee and enter the result in this block.
 - * **Hourly Rate:** Enter each employee's hourly rate.
 - * **Benefit Rate/Hr:** Enter each employees hourly benefit rate. There should be different percentages for benefits pertaining to regular and overtime wages.
 - * **Total Hourly:** Add the employee's hourly rate in the Rate/Hr block and the hourly benefits rate in the Benefits/Hr block and enter the result here.
 - * **Total Costs:** Multiply the entries in Total Hours and Total Hourly and enter the result here.
 - * **Total Cost:** Multiply the entries in the Total Hr and Total Rate/Hr blocks and enter the result here.
 - * **Total Cost for Force Account Labor Regular Time:** Add the entries in the Total Cost, REG block for each employee and enter the result here.

FORCE ACCOUNT EQUIPMENT SUMMARY RECORD ((RM-FAESR) INSTRUCTIONS

Force account is the term to refer to your own personnel and equipment. Keep the following points in mind when compiling force account labor information:

Complete the record as follows:

1. **Applicant:** Enter your organization's name.
 2. **PA ID:** Enter the computer tracking number that FEMA assigns to your organization. Your Public Assistance Coordinator can tell you what it is if you don't know it.
 3. **PW #:** Enter the project number that you have assigned to this project. If you know the project number assigned by FEMA, use that number.
 4. **Disaster Number:** Enter the declaration number for this disaster here. The Public Assistance Coordinator can tell you what it is if you don't know it.
 5. **Location /site:** Enter physical address or location of project.
 6. **Category:** Enter category of work, if known.
 7. **Period Covering:** Enter time period referenced for the information contained on this sheet.
 8. **Description of work performed:** Briefly describe the type of work that was performed.
- * **Type of Equipment:** Enter a brief description of the equipment, including the rated horsepower or capacity of the equipment. Be sure to include this information if you also use a trade name or common name to describe the equipment, e.g., Ditch Witch.
- * **FEMA Code:** Enter the FEMA cost code for the equipment.
- * **Operator's Name:** Enter the equipment operator's name.
- * **Date/Hours Used:** Enter the date and hours the equipment was used on the project.
- * **Total Hours:** Enter total hours equipment was in use.
- * **Equipment Rate:** Enter the hourly cost to use the equipment.
- * **Total Cost:** Multiply the number in the Total Hours block by the number in the Equipment Rate block and enter the result here.
- * **Grand Totals:** Add the number in the Total Hours Blocks and Total Cost blocks, and enter the results here.

STATE OF HAWAII

PAGE _____ of _____

FORCE ACCOUNT EQUIPMENT SUMMARY RECORD

1. APPLICANT (DEPT/DIV)

2. PA ID

3. PW #

4. DISASTER NUMBER

5. LOCATION/SITE:

6. CATEGORY

7. PERIOD COVERING

8. DESCRIPTION OF WORK PERFORMED

TYPE OF EQUIPMENT

EQUIP. CODE NUMBER

Indicate size, capacity, horsepower, make & model

OPERATOR'S NAME

DATE

DATES AND HOURS USED EACH DAY

TOTAL HOURS **EQUIP. RATE** **TOTAL COST**

HOURS

HOURS

HOURS

HOURS

HOURS

HOURS

HOURS

HOURS

GRAND TOTALS

I CERTIFY THAT THE ABOVE INFORMATION WAS OBTAINED FROM PAYROLL RECORDS, INVOICES, OR OTHER DOCUMENTS THAT ARE AVAILABLE FOR AUDIT.
CERTIFIED _____ TITLE _____

MATERIALS RECORD SUMMARY (RM-MSR) INSTRUCTIONS

This form is used to record the costs of supplies and materials purchased in response to the disaster or used to repair damages caused by the disaster.

Complete the record as follows:

1. **Applicant:** Enter your organization's name.
 2. **PA ID:** Enter the computer tracking number that FEMA assigns to your organization. Your Public Assistance Coordinator can tell you what it is if you don't know it.
 3. **PW #:** Enter the project number that you have assigned to this project. If you know the project number assigned by FEMA, use that number.
 4. **Disaster Number:** Enter the declaration number for this disaster here. The Public Assistance Coordinator can tell you what it is if you don't know it.
 5. **Location/site:** Enter physical address or location of project.
 6. **Category:** Enter category of work, if known.
 7. **Period Covering:** Enter the time period referenced for the information contained on this sheet.
 8. **Description of work performed:** Briefly describe the type of work that was performed.
- * **Vendor:** Enter the name of the supplier if the material was bought specifically as a result of the disaster.
 - * **Description:** Enter a brief description of the supplies or materials used or purchased.
 - * **Quantity:** Enter amount of materials used. (e.g., number, tonnage, etc.)
 - * **Date Purchased:** Enter the date on the invoice.
 - * **Date Used:** Enter date actually used/installed.
 - * **Info from:** Check whether information entered on the form was obtained from actual invoice or if material was taken from stock on hand.
 - * **Grand Total:** Add the numbers in the Total Price blocks and enter the result here.

RENTED EQUIPMENT SUMMARY RECORD (RM-RESR) INSTRUCTIONS

This form is used to record the costs of equipment that you had to rent or lease to respond to the disaster or to be used in making repairs to damages caused by the disaster.

Complete the record as follows:

1. **Applicant:** Enter your organizations name.
 2. **PA ID:** Enter the Computer tracking number that FEMA assigns you to your organization. Your Public Assistance Coordinator can tell you what it is if you don't know it.
 3. **PW #:** Enter the project number that you have assigned to this project. If you know the project number assigned by FEMA, use that number.
 4. **Disaster Number:** Enter the declaration number for this disaster here. The Public Assistance Coordinator can tell you what it is if you don't know it.
 5. **Location/site:** Enter physical address or location of project.
 6. **Category:** Enter category of work, if known.
 7. **Period Covering:** Enter time period referenced for the information contained on this sheet.
 8. **Description of work performed:** Briefly describe the type of work that was performed.
- * **Type of Equipment:** Enter a brief description of the equipment that you leased or rented, including the rated horsepower or capacity of the equipment. Be sure to include this information if you also use a trade name or common name to describe the equipment, e.g., Ditch Witch.
 - * **Dates/Hours Used:** Enter the dates and hours the equipment was used on the project.
 - * **Rate Per Hour:** Enter the hourly rental or lease cost of the equipment. Indicate if the equipment was rented on a daily, weekly, or monthly rate, instead of an hourly rate. List in appropriate column if operator costs were included.
 - * **Total Cost:** Multiply hours Used by Hourly Rate charged and enter total cost here.
 - * **Vendor:** Enter the name of the company that rented or leased the equipment to you.
 - * **Invoice No.:** Enter billing invoice number.

RENTED EQUIPMENT SUMMARY RECORD (RM-RESR) INSTRUCTIONS

- * **Date / Amount Paid:** Enter date of payment and amount of check.

- * **Check No.:** List check number that was used to pay for equipment rental.

- * **Grand Total:** Add the dollar figure from the Amount Paid blocks and enter total here.

CONTRACT WORK SUMMARY RECORD (RM-CWSR) INSTRUCTIONS

This form is used to record the costs of contracts that you awarded to respond to the disaster or to make repairs to damages caused by the disaster.

Complete the record as follows:

1. **Applicant:** Enter your organization's name.
 2. **PA ID:** Enter the computer tracking number that FEMA assigns to your organization. Your Public Assistance Coordinator can tell you what it is if you don't know it.
 3. **PW #:** Enter the project number that you have assigned to this project. If you know the project number assigned by FEMA, use that number.
 4. **Disaster Number:** Enter the declaration number for this disaster here. The Public Assistance Coordinator can tell you what it is if you don't know it.
 5. **Location/site:** Enter physical address or location of project.
 6. **Category:** Enter category of work, if known.
 7. **Period Covering:** Enter time period referenced for the information contained on this sheet.
 8. **Description of work performed:** Briefly describe the type of work that was performed.
- * **Invoice Number:** Enter the invoice number.
- * **Dates Worked:** Enter the dates that contractor work on the project.
- * **Contractor:** Enter the name of the contractor receiving the contract.
- * **Billing/Invoice Number:** Enter invoice or billing number submitted by contractor.
- * **Amount:** Enter the total dollar figure listed on the invoice for that project.
- * **Comments – Scope:** Enter a brief description of the work the contractor performed and/or other pertinent comments.
- * **Grand Total (includes contract labor):** Add the number in the Amount column and enter the results here.

OTHER EXTRA EXPENSES SUMMARY RECORD (RM-OEESR) INSTRUCTIONS

This form is used to record other extra expenses, such as temporary office or class rooms, that are necessary to continue normal operations, that are related to the loss or disaster.

Complete the record as follows:

1. **Applicant:** Enter your organization's name.
 2. **PA ID:** Enter the computer tracking number that FEMA assigns to your organization. Your Public Assistance Coordinator can tell you what it is if you don't know it.
 3. **PW #:** Enter the project number that you have assigned to this project. If you know the project number assigned by FEMA, use that number.
 4. **Disaster Number:** Enter the declaration number for this disaster here. The Public Assistance Coordinator can tell you what it is if you don't know it.
 5. **Location/site:** Enter physical address or location of project.
 6. **Category:** Enter category of work, if known.
 7. **Period Covering:** Enter the time period referenced for the information contained on this sheet.
 8. **Description of work performed:** Briefly describe the type of work that was performed.
- * **Vendor:** Enter the name of the supplier if the material was bought specifically as a result of the disaster.
 - * **Dates Incurred:** Enter date actually used/installed.
 - * **Vendor:** Provide the name of the vendor.
 - * **Billing/Invoice:** Provide information.
 - * **Amount:** Enter amount for the dates listed.
 - * **Nature of Extra Expense:** Explain the reason for the expense.
 - * **Grand Total:** Add the numbers in the Billing/Invoice Number blocks and enter the result here.

STATE OF HAWAII

PAGE _____ of _____

OTHER EXTRA EXPENSES SUMMARY RECORD

1. APPLICANT (DEPT/DIV)

2. PA ID

3. PW #

4. DISASTER NUMBER

5. LOCATION/SITE:

6. CATEGORY

7. PERIOD COVERING

8. DESCRIPTION OF WORK PERFORMED

DATES INCURRED

VENDOR

**BILLING/INVOICE
NUMBER**

AMOUNT

**NATURE OF EXTRA EXPENSE
(MOVING, RENTAL, ETC.)**

GRAND TOTAL

**I CERTIFY THAT THE ABOVE INFORMATION WAS OBTAINED FROM PAYROLL RECORDS, INVOICES, OR OTHER DOCUMENTS THAT ARE AVAILABLE FOR AUDIT.
CERTIFIED**

TITLE

APPLICANT'S BENEFITS CALCULATION WORKSHEET (RM-ABCW)

Benefits Calculation

Fringe benefits for force account labor are eligible. Except in extremely unusual cases, fringe benefits for overtime will be significantly less than regular time.

The following steps will assist in calculating the percentage of fringe benefits paid on an employee's salary. Note that items and percentages will vary from one entity to another.

1. The normal year consists of 2080 hours (52 weeks x 5 workdays/week x 8 hours/day). This does not include holidays and vacations.
2. Determine the employee's basic hourly pay rate (annual salary/2080 hours).
3. Fringe benefit percentage for vacation time: Divide the number of hours of annual vacation time provided to the employee by 2080 (80 hours (2 weeks)/2080=3.85%).
4. Fringe benefit percentage for paid holidays: Divide the number of paid holiday hours by 2080 (64 hours (8 holidays) /2080=3.07%).
5. Retirement pay: Because this measure varies widely, use only the percentage of salary matched by the employer.
6. Social Security and Unemployment Insurance: Both are standard percentages of salary.
7. Insurance: This benefit varies by employee. Divide the amount paid by the city or county by the basic pay rate determined in Step 2.
8. Workman's Compensation: This benefit also varies by employee. Divide the amount paid by the city or county by the basic pay rate determined in Step 2. Use the rate per \$100 to determine the correct percentage.

Note: Typically, you should not be charging the same rate for regular time and overtime. Generally, only FICA (Social Security) is eligible for overtime; however, some entities may charge retirement tax on all income.

APPLICANT'S BENEFITS CALCULATION WORKSHEET (RM-ABCW)

Sample Rates

Although some rates may differ greatly between organizations due to their particular experiences, the table below provides some general guidelines that can be used as a reasonableness test to review submitted claims. These rates are based on experience in developing fringe rates for several State departments, the default rate is that used for the state of Florida, following Hurricane Andrew (August 1992), and the review of several FEMA claims. The rates presented are determined using the gross wage method applicable to the personnel hourly rate (PHR) method. The net available hours method would result in higher rates.

Paid Fringe Benefits

HCA Matching	7.65%	(or slightly less)
Retirement – Regular	17.00%	(or less)
Retirement – Special Risk	25.00%	(or slightly more)
Health Insurance	12.00%	(or less)
Life & Disability Insurance	1.00%	(or less)
Worker's Compensation	3.00%	(or less)
Unemployment Insurance	0.25%	(or less)

Leave Fringe Benefits

Accrued Annual Leave	7.00%	(or less)
Sick Leave	4.00%	(or less)
Administrative Leave	0.50%	(or less)
Holiday Leave	4.00%	(or less)
Compensatory Leave	2.00%	(or less)

Rates outside these ranges are possible, but should be justified during the validation process.

STATE OF HAWAII		PAGE _____ of _____
APPLICANT'S BENEFITS CALCULATION WORKSHEET		
1. DEPARTMENT/DIVISION		2. PA ID
3. DATE OF LOSS:		4. PW #
FRINGE BENEFITS (by %)	REGULAR TIME	OVERTIME
HOLIDAYS		
VACATION LEAVE		
SICK LEAVE		
SOCIAL SECURITY		
MEDICARE		
UNEMPLOYMENT		
WORKERS' COMP.		
RETIREMENT		
HEALTH BENEFITS		
LIFE INS. BENEFITS		
OTHER		
TOTAL in % of annual salary		
COMMENTS:		
I CERTIFY THAT THE INFORMATION WAS TRANSCRIBED FROM PAYROLL RECORDS OR OTHER DOCUMENTS WHICH ARE AVAILABLE FOR AUDIT.		
CERTIFIED BY:	TITLE	DATE

PERSONAL PROPERTY DAMAGE SUMMARY RECORD (RM-PPDSR) INSTRUCTIONS

This form is used to record the State personal property (contents and equipment) that is damaged or destroyed in the event of a loss or disaster.

Complete the record as follows:

1. **Applicant:** Enter your organization's name.
2. **PA ID:** Enter the computer tracking number that FEMA assigns to your organization. Your Public Assistance Coordinator can tell you what it is if you don't know it.
3. **PW #:** Enter the project number that you have assigned to this project. If you know the project number assigned by FEMA, use that number.
4. **Claim Number:** Enter the claim number assigned by the Risk Management Office or the disaster declaration number. The Risk Management Office or the Public Assistance Coordinator can tell you what it is if you don't know it.
5. **Location/site:** Enter physical address or location of project.

Description of Damaged Property: Provide the information and supporting documents to prove ownership of the items. Copies of the inventory or purchase orders and invoices will be acceptable.

* **Grand Total:** Add the numbers in the Total Cost blocks and enter the result here.

** Reimbursement is made on a replacement cost basis for most items. However, verification of the purchase if the replacement item must be provided.

PERSONAL PROPERTY DAMAGE SUMMARY RECORD

1. APPLICANT (DEPT/DIV)

2. PA ID

3. PW #

4. CLAIM NUMBER

5. LOCATION/SITE:

DESCRIPTION OF DAMAGED PROPERTY	QUANTITY	UNIT PRICE	TOTAL COST	DATE PURCHASED	REPLACEMENT COST	INVOICE NO.	STATE P.O.	TAKEN FROM STOCK
---------------------------------	----------	------------	------------	----------------	------------------	-------------	------------	------------------

GRAND TOTAL

I CERTIFY THAT THE ABOVE INFORMATION WAS OBTAINED FROM PAYROLL RECORDS, INVOICES, OR OTHER DOCUMENTS THAT ARE AVAILABLE FOR AUDIT. CERTIFIED

TITLE

TRANSMITTAL LETTER TO INSURER FORMAT

Name of Insurer or Adjuster
Name of Company
Street
City, State Zip Code

Re: State of Hawaii
 Insurer: Insurer
 Policy No.: (RMO to provide)
 Date of Loss: Date of loss
 Our Claim No.: (RMO to provide)

Dear

The following is being submitted in support of our claim for damages to

_____.

Building total: \$ _____

1. Copies of invoices and payments
 - a. XYZ Builders, Ltd. – emergency repairs proposal
2. Request for project bid
3. Emergency removal & clean-up documents
 - a. 3 bids
 - b. Payments:
 - i. \$198,045 dated 8-8-03, TBD Cleaner
 - ii. \$75,135.72, dated 10-09-03, Other Business
 - iii. \$22,005.00, dated 11-6-03, TBD Cleaner
 - iv. Bid Award
4. Supporting documents for payment of award
5. Schedule of construction (if applicable)

Contents total: \$ _____

1. Inventory and listing of all damaged contents and equipment - \$ _____
2. Listing of purchases, \$ _____
3. Copies of purchase orders/checks & invoices

Extra Costs total: \$ _____

1. Environmental Consultants, Inc. – proposal
 - a. Invoices – total: \$ _____ & purchase order
 - b. Report
2. Employee costs \$ _____
 - a. Submit copies of all overtime forms with explanation of work.

Extra Expenses total: \$ _____

1. Security, Inc., \$ _____
2. Emergency related expenses, such trailer rentals, office space, etc.
 - a. Provide copies of purchase orders and invoices

Photographs

1. Building
2. Contents

At this time we are requesting a partial payment of our loss and incurred costs in the amount of \$ (difference of amount incurred and deductible), which is \$(total amount incurred), less \$250,000 deductible. A spreadsheet is attached for you reference.

If you have any questions, please call me at _____.

Sincerely,

Encl:

SWORN STATEMENT IN PROOF OF LOSS

CLAIM NO. 1250045011

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES A STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT ACT, WHICH IS A CRIME.

COMPANY Royal Sun Alliance	POLICY SYMBOL & NO. As per policy	POLICY AMT. As per policy	NAME OF AGENCY As per policy
NAME AND ADDRESS OF INSURED State of Hawaii Wilcox Elementary School 4310 Hardy Street Lihue, HI 96766			LOCATION OF AGENCY As per policy

The above policy insures against loss or damage as described therein according to the terms and conditions of said policy and all forms, endorsements, transfers, and assignments attached thereto.

TIME AND ORIGIN

A loss occurred on 03/26/2003. The cause and origin of said loss were: Fire.

OCCUPANCY/USE

The property described was occupied or used at the time of the loss as follows and for no other purpose:

TITLE AND INTEREST

At the time of the loss the interest of your insured in the property described was: State of Hawaii Wilcox Elementary School and no other person or persons had any interest therein or encumbrance thereon, except: NONE.

CHANGES

Since the policy was issued there has been no assignment thereof, or change of interest, use/occupancy, possession, location or exposure of the property described, except: NONE.

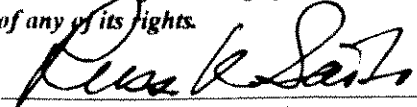
OTHER INSURANCE

Check if none. If other insurance, the total insurance at the time of the loss was \$0 besides which there was no other policy or contract of insurance, written or oral, valid or invalid.

The Actual Cash Value of said property at the time of loss was.....	\$ _____
The whole loss and damage was.....	\$ <u>1,001,694.27</u>
Deductible.....	\$ <u>250,000.00</u>
The amount claimed under this policy is.....	\$ <u>751,694.27</u>

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with the privity or consent of your insured or this affiant, to violate the conditions of the policy, or render it void; no property is mentioned herein or in annexed schedules but such as was lost, stolen, destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of proofs by a representative of the above insurance company is not a waiver of any of its rights.



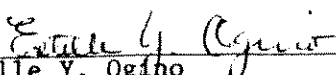
 Duly authorized representative
 State of Hawaii Wilcox Elementary School

 Witness

State of Hawaii

City & County of Honolulu

Subscribed and sworn to before me this 31st day of July 2006



 Estelle Y. Ogino Notary public

Procedures and Guidelines
for
Implementing Act 173, SLH 2006

APPENDIX 6. Timeline for Accounting and Processing

- I. Departments will:
 - a. Report the Incident to RMO within 5 working days of the Incident.
 - b. Designate the POC to the RMO within 5 working days of the Incident.
 - c. Provide verification to the RMO of the designated trust account for *Risk Management – Fire & Casualty Losses* within 30 days after the Incident.
 - d. Furnish quarterly reports on all transactions in the trust account, including interest earned, if any, on a per incident basis, to the RMO by the fifteenth (15) of the month subsequent to the quarter end.
 - e. Submit periodic updates to the RMO on the progress of the documentation and processing of forms for the Incident.
 - e. Submit a copy of the completed file of documents to the RMO within 60 days of the closing of the claim.
 - f. Provide written feedback on the problems and/or accomplishments encountered in the handling of this Incident within 30 days of the closing of the claim using the Post Incident Report format. See Appendix 7.
 - g. Maintain a copy of the Incident file for 5 years after the closing of the claim.

- II. RMO will:
 - a. Report the Incident to the insurance broker immediately.
 - b. Meet with the POC and insurance broker representative within 5 working days of the Incident to review the processing of the claim.
 - c. Issue the insurance deductible, or an advance, to the Department within 10 working days of the Incident.
 - d. Provide written feedback on the problems and/or accomplishments encountered in the handling of this Incident within 30 days after the closing of the claim using the Post Incident Report format.
 - e. Maintain a copy of the Incident file for 5 years after the closing of the claim.

Procedures and Guidelines
for
Implementing Act 173, SLH 2006

APPENDIX 7: POST INCIDENT REPORT

In order to capture valuable information and lessons learned from this Incident, please use the following format to provide the Post Incident Report to the RMO within 30 days after the closing of the claim.

- I. General Comments:
 - a. If no major problems were encountered, please comment on the following:
 1. What went well.
 2. What can be improved.

 - b. If serious problems were encountered, please provide the following information:
 1. Identify the problem.
 2. Provide the background of the problem.
 3. Discuss how the problem was resolved.

- II. Please provide your recommendations for the processing of future Incidents.