

## Appendix 2

### 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: \_\_\_\_\_