

# Northwest Missouri State University

## Policy and Procedures Manual

### **Chapter** Finance

### **Section** Damage or Loss to University Property – Self Insurance Account

#### I. Purpose

The purpose of this policy is to provide information to account custodians regarding self insurance for University property.

#### II. Policy

A budgeted account (#A101-30026-630, titled Self Insurance) is used to help support purchases of University equipment to replace stolen or damaged items that are not covered by property insurance because of the current \$50,000 deductible clause. Excluded are automobiles, trucks, buses, other high cost items – these replacements should be separately budgeted.

The self insurance budget will cover 50 percent of the replacement cost with the remainder charged to a department's operations account. With this arrangement, a department will continue to have an incentive as it now does, to safeguard its equipment; but, at the same time, the department will not have to suffer the full cost of replacement.

The self insurance account is budgeted each year based on past experience. Extraordinary use of funds because of more than normal claims will require special budget adjustments.

#### III. Procedure

A department, which determines that departmental equipment has been stolen or damaged, should report the loss to the University Police who will investigate and file an Offense/ Incident Report, a copy of which is forwarded to the Finance Office. Also, the department should contact the Risk Management Analyst in the Finance Office to discuss the incident and mutually agree on the applicability of the self insurance account.

The mechanics for replacing the stolen or damaged item(s) involve the department identifying the appropriate vendor and preparing the purchase requisition. The full cost is charged to the department and a transfer of 50 percent of the replacement cost is made to the department. This keeps the full expenditure charged to the correct program area in the year that it occurred. A copy of the purchase requisition is to be sent to the Finance Office at the time the order is placed; however, actual invoice data will be used to compute the transfer amount.

The self insurance account is assigned to the Finance Office but a judgment as to the validity of a claim will include the appropriate Vice President's approval before a transfer to a department occurs.