Property Loss Insurance: Deductible Protocol, Effective January 1

To: All UArizona Departments
Names and titles: Risk Management Services
Date: December 19, 2019

On July 1, 2017, the Arizona Department of Administration's Risk Management Division began assessment of a $2,500 deductible against all property claims from state agencies, including the universities. UArizona Risk Management Services (RMS) has been funding the deductible for departments on property losses since the assessment began. This protocol establishes those scenarios in which UArizona departments suffering property loss will be assessed a deductible against reimbursement of their loss. This protocol is NOT applicable to liability or worker's compensation claims, only University property loss claims.

RMS will continue to fund the deductible for losses incurred by UArizona departments, except in the following situations. When assessed, the deductible will be subtracted from the insurance proceeds sent to the unit suffering the loss in an amount of the covered loss, or $2,500, whichever is less. If a deductible is assessed and the loss value is less than $2,500, then no coverage will be provided for that loss.

Property Loss Events Subject to a $2,500 Deductible are as follows:

1. Damage to a UArizona-owned vehicle caused by driver carelessness or negligence: RMS will appoint an accident/incident review committee to evaluate losses involving UArizona vehicles, and determine if the deductible should be charged. This applies to UArizona owned vehicles only. This protocol does not apply to commercial rentals or personal vehicles.
2. Theft or damage to University property due to lack of minimum security measures: An example would include theft of a laptop or other UArizona property from an unsecured location such as a vehicle. This determination will be made by RMS, in consultation with UAPD.
3. Theft of UArizona funds or other property due to failure of a unit to implement recommended controls such as segregation of duties: This determination will be made by RMS in consultation with the Financial Services Office (FSO).
4. Loss or damage to research materials requiring low or ultra-low temperature storage, when the freezer or storage device is not equipped with a system to monitor temperature and notify a responsible person in the event of equipment failure and resulting temperature increase (Effective Date for this item is 7/1/2020).

The $2,500 deductible can be fully avoided by implementing loss prevention measures to
address the scenarios outlined above. All other state rules governing notice deadlines and required loss documentation remain applicable to all property loss events. Any assessment of the $2,500 deductible by RMS may be appealed by the department head of the affected unit, to the Senior VP for Business Affairs and CFO. The CFO's determination shall be final.

The deductible protocol was approved by the Senior VP for Business Affairs and CFO on October 22 and will become effective January 1. Please contact RMS at (520) 621-1790 if you have questions regarding this new protocol.


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