

**UNIVERSITY OF HOUSTON SYSTEM  
ADMINISTRATIVE MEMORANDUM**

**SECTION: General Administration**

**NUMBER: 01.C.11**

**AREA: Risk Management**

**SUBJECT: Property Loss Claims**

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1. PURPOSE

This document sets forth the guidelines for handling claims of loss or damage to physical property of the University of Houston System.

2. POLICY

2.1. System component universities, colleges and divisions should protect System property with a high degree of care. Even with a high degree of care, losses may occur due to a number of occurrences, such as fire, theft or natural disasters. The System maintains insurance and a retention fund that provides financial assistance to help colleges and divisions with replacement of such items. The program only responds to insurable losses, not mechanical breakage or wear and tear.

2.2. Each component university should designate one representative to report and coordinate claims handling with the System Director, Risk Management. Claims must initially be reported as soon as possible after they occur. Then, when replacement costs are determined, a supplemental report must be made.

3. DESCRIPTION OF PROPERTY CLAIM REIMBURSEMENT PROGRAM

3.1. The property claim program is administered by the System Director, Risk Management. Since insurance is expensive, the System maintains a high deductible on its insurance coverage and the System supplements the insurance with a retention fund that is funded by each component university. The funding is based on each component university's exposure to loss, as well as its loss experience.

3.2. The first \$10,000 of any claim is a component university deductible. Component universities should determine whether the deductible is passed down to colleges, divisions, or departments.

3.3. Insurance and/or the System's retention fund will pay covered losses that exceed the component university deductible. Retention fund coverage determinations will be the same as the ones used for insurance coverage. The System Director, Risk Management will coordinate the claim investigation and, if appropriate, settlement with insurance companies.

- 3.4. Losses covered by insurance coverage will pay replacement cost for items requiring repair or replacement but will only pay actual cash value (replacement cost less depreciation) for items not replaced. The System's retention fund will only provide coverage for items requiring repair or replacement.

4. CLAIM REPORTING

- 4.1. When a loss occurs, the System Director, Risk Management should be contacted and provided a description of the loss using the [University of Houston System Property Loss Claim Report Form](#). The description should include an explanation of what happened, what was lost or damaged, whether any persons were injured, and any known facts that contributed to or caused the loss. Measures taken to protect damaged property and those to prevent reoccurrence should also be included. Preliminary estimates of replacement cost and digital photographs should also be provided.
- 4.2. Any damaged or undamaged property should be protected from further damage, but damaged materials must not be removed from the premises without permission from the System Director, Risk Management.
- 4.3. When replacement cost is determined (like kind and quality), it should be provided along with original purchase cost.

5. SETTLEMENT AUTHORITY

- 5.1. Settlement authority for loss or damage to university property is as follows:
  - a. The System Director, Risk Management may settle claims up to \$25,000.
  - b. The Senior Associate Vice President for Finance must approve settlements above \$25,000 up to \$50,000.
  - c. The Senior Vice President for Administration and Finance must approve settlements above \$50,000 up to the insurance deductible.
  - d. Losses above the insurance deductible will be coordinated through and settled by insurance companies since these losses will exceed the System's deductible. The System Director, Risk Management will work with the insurance company to facilitate an appropriate settlement.

6. REVIEW AND RESPONSIBILITIES

Responsible Party: Senior Associate Vice Chancellor for Finance

Review: Every three years on or before June 1

7. APPROVAL

Approved: Jim McShan  
Senior Vice Chancellor for Administration and Finance

Renu Khator  
Chancellor

Date: February 23, 2017

8. REFERENCES

[University of Houston System Property Loss Claim Report Form](#)

**REVISION LOG**

<b>Revision Number</b>	<b>Approval Date</b>	<b>Description of Changes</b>
1	11/30/2006	Initial version
2	05/17/2011	Applied new Revision Log. In Section 4.1, a statement was added to document measures to be taken to protect damaged property and prevent reoccurrence of similar loss. Throughout the text, the group was changed from Environmental Health and Risk Management to Risk Management per current organizational structure. The responsible party changed from AVC for Plant Operations to AVC for Finance. Made changes to Exhibit A, emphasizing action taken to protect damaged property and preventing reoccurrence of similar loss, to reflect current operating practices. Increased the component university property claim deductible from \$5,000 to \$10,000. The EVP for Finance and Administration approves settlements from \$50,000 to \$100,000; losses above \$100,000 are coordinated through and settled by insurance companies
3	02/23/2017	Updated titles as applicable. Removed Exhibit A, and added Section 8, References, with link to University of Houston System Property Loss Claim Report Form. No additional changes were made by the Subject Matter Experts (SMEs)