

March 11, 2009

INSURANCE INFORMATION NOTICE 2009-3
HURRICANES KATRINA AND RITA - FEMA INSURANCE REDUCTIONS
OFFICE OF RISK MANAGEMENT CLAIM FILING PROCEDURES

The Robert T. Stafford Act functions to provide Federal Assistance to State and local governments in the event of federally declared disasters. However, the act prohibits the duplication of benefits or the receipt of benefits from insurance or any other program for which federal benefits have been received for any part of a loss.

The State, through the Office of Risk Management, has received approximately \$311 million in insurance proceeds from the State's excess insurance carriers (\$100 million for flood losses and \$211 million for wind losses) for Hurricane Katrina. In order to prevent a duplication of benefits, FEMA must reduce the eligible costs claimed by the \$311 million received through insurance reimbursements. FEMA is in the process of versioning (taking reductions based on insurance proceeds received) State of Louisiana Project Worksheets.

FEMA has completed the insurance reductions for flood related losses and has begun the process for wind losses for both Hurricanes Katrina and Rita. The process for completing all reductions will be gradual, and FEMA anticipates completion within 6 months.

State agencies that are affected by these reductions are required to submit a written request for reimbursement of the FEMA insurance reductions to ORM. The agency should follow the instructions below when requesting payment from ORM:

1. Provide written notification to Patricia Barron, Claims Supervisor, Office of Risk Management, P. O. Box 91106, Baton Rouge, LA 70821-9106. Include the FEMA Project Worksheet Number (PW#) and the reduction amount.
2. If FEMA has not paid on the Project Worksheet where an insurance reduction has been applied, the agency should provide invoices and/or purchase orders before the claim can be considered.

Upon notification, ORM will review the file, reconcile all funds received and paid, and determine net reimbursement. The attached Memorandum 09-22 dated March 11, 2009, from OSRAP provides instruction for recording of insurance proceeds received from ORM.

For additional questions or comments, please contact Susan West, State Risk Administrator Loss Prevention/Underwriting, at (225) 342-6031 or susan.west@la.gov. Thank you for your cooperation with this process.

BOBBY JINDAL
GOVERNOR



ANGELE DAVIS
COMMISSIONER OF ADMINISTRATION

State of Louisiana
Division of Administration
Office of Statewide Reporting and Accounting Policy

March 11, 2009

MEMORANDUM OSRAP 09-22

TO: Fiscal Officers
All State Agencies

FROM: Afranie Adomako, CPA
Director

SUBJECT: Recording Insurance Proceeds Received from Office of Risk Management (ORM) for Funds to be returned to the Federal Emergency Management Agency (FEMA) via the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), for Re-versioned Project Worksheets (PW) Related to Hurricanes Katrina and RITA.

It has come to OSRAP's attention that FEMA has started the process of re-versioning PWs, and are taking insurance reductions on those that are subject to insurance claims. State agency applicants may potentially owe FEMA on one or more PWs settled for 100% if an insurance reduction is taken on re-versioned PWs. If a state agency applicant receives a re-versioned PW on which insurance reduction has created a liability to FEMA (in essence a bill), a written notification of the re-versioned PW must be submitted to ORM for them to determine if you need to file an insurance claim to cover the amount of the reduction if one has not previously been filed.

Once ORM has received a written notification of the re-versioned PW and reviewed the claim for completeness and accuracy they will begin processing insurance payments for state agency applicants. When state agency applicants receive these funds, they must deposit and classify them as Interagency Transfer (IAT) revenues. These funds then must be immediately remitted back to GOHSEP as IAT expenditures from the agency's operating funds. Upon receipt, GOHSEP will also classify the funds as IAT revenue and expend the funds back to FEMA to pay for the liability resulting from the insurance reduction taken on the agency's re-versioned PW.

The resulting increase in revenue and expenditures for all state agency applicants will require an increase to the agency's IAT and operating appropriations in the amount of the ORM insurance proceeds received. This budget increase will ensure that the funds received can be warranted and remitted to GOHSEP. For those agencies that will need a budget increase, a request for Budget Adjustment Document (BA-7), for FEMA IAT

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revenue must be prepared by your entity and forwarded to the Office of Planning and Budget (OPB). If approved, you will need to enter an appropriation document (AP) in the Advantage Financial System (AFS) to establish budget for this money.

When completing the BA-7 form to request the budget adjustment, be sure to include all pertinent documentation on the re-versioned PW when submitting it to the OPB for approval.

NOTE: If a State Agency applicant has already received both FEMA reimbursement as well as an insurance claim payment from ORM on the PW being re-versioned, the agency cannot claim payment from ORM again and must reimburse GOHSEP for the amount of the liability on the re-versioned PW. If the agency previously reimbursed ORM after receiving payment from FEMA and ORM, follow the instructions to obtain reimbursement from ORM.

If you have questions or comments concerning this memorandum, please contact me or Kurt Demmerly at 225-342-0708.

Remember, all OSRAP memorandums and forms may be accessed through our home page at <http://www.doa.la.gov/OSRAP/INDEX.HTM>.

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