

02/21/2013

LSU Client Instructions – Property Claims

ORM Internal Authority Designation

Patricia Barron will be your primary contact person for all Property, Employee Bond and Crime, Boiler and Machinery (Equipment Breakdown) and Bridge claims. Ms. Barron will extend check issuance authority above \$50,000. Contract amendment approvals above \$20,000 must be provided by ORM. If a request is above her authority, Patricia Barron will route the request to the appropriate person within ORM for approval. Contact information is as follows:

Patricia Barron	-	225-342-8467	-	patricia.barron@la.gov
Farrel Hebert	-	225-342-8424	-	farrel.hebert@la.gov
Ann Wax	-	225-219-0012	-	ann.wax@la.gov

CLAIMS DATA ACCESS

LSU will have full access in iCE to view claims for the LSU-BR campus.

MEETINGS/STAFFINGS

Monthly meetings, and more often if necessary, will be held between FARA and LSU staff to discuss specific claims. LSU and FARA will provide each other with a listing of the claims they would like to discuss three (3) days in advance of the meeting.

RESERVES

Reserves must be established within three (3) days of receipt of claim. Total reserves greater than \$100,000 and subsequent reserve increases shall require approval by ORM.

When reserves over \$100,000 have been increased by the FARA system generator, it will be necessary to obtain retrospective approval for the increase. Retrospective increase must be obtained no later than the 10th day of the month following the system increase. In these instances, the FARA representative may obtain a blanket increase for all system increases for the previous month by taking the following steps:

- Run a generalized claims export for reserves for the reference month
- Identify all system generated reserves and reserve shifting that did not have prior approval.
- Submit a written request to the property claims manager to obtain the blanket approval.

Email requests for reserve approval should reference reserves in the subject line.

SUBROGATION

1. FARA must protect the State's subrogation interest on all claims.
2. Requests to file a lawsuit to recover the State's subrogation interest should be made by the FARA adjuster at least ninety (90) days prior to prescription.
3. All requests for the appointment of an AAG staff attorney to pursue recovery of ORM's subrogation interest are to be made by FARA at least ninety (90) days prior to prescription. These requests should be directed to the attention of Farrel Hebert. ORM will prepare the Appointment and Contract Approval Form and submit it to the AG for assignment. The AG will notify FARA and ORM as to the name of the appointed attorney/law firm.
4. Authorization to waive more than 50% of ORM's subrogation interest must be reviewed for approval by Claims Council.
5. On litigated subrogation claims the AG must submit an RSA for approval by Claims Council when the AG is recommending that more than 50% of ORM's subrogation claim be waived

CONTRACT AMENDMENTS (Revised 11/20/12)

DOJ/Office of the Attorney General Staff: The Office of Risk Management has an Interagency Agreement between ORM/DOJ for the legal services provided by the Office of the Attorney General. It will not be necessary for FARA to request any amendments for legal services performed by DOJ/Office of the Attorney General/Litigation Program. FARA adjusters do need to monitor billings for excessive charges and make sure that they have proper documentation in their files.

Contract Counsel – Contract counsel is appointed by the AG and concurred upon by ORM. A Contract for Professional Services is executed between ORM and the respective law firm/attorney. Amendments will be necessary when the initial contract has been exhausted or when it is expected to exceed the initial amount. The initial contracts to defense counsel are normally issued in the amount of \$20,000. So, it isn't uncommon to receive an amendment request along with the initial case assessment. Contract counsel must submit a budget in Acuity that will need to be approved by the FARA adjuster. Approval of a budget in Acuity DOES NOT eliminate the need for the adjuster to submit a written request for a contract amendment.

Since contracts are issued by ORM, we will need **written email requests for amendment requests up to \$199,999.99** in the following format along with a copy of the budget and a current case assessment (if complex or if the amendment request is over \$100,000.01):

RE: Request for Contract Amendment
Contract Number:
Claimant:

ORM Claim Number:
FARA Claim Number:
Contractor:
Current Contract Amount:
Requested Contract Amount:

The first paragraph should be a brief description of the loss and what legal action has been accomplished.

Second paragraph should include additional action required as well as note critical dates (hearings, trial date, etc.).

Third paragraph should include the amount of monies paid by ORM towards the defense of this claim on the current contract, the total amount of outstanding invoices, and a statement recommending that the contract be increased from \$_____ to \$_____.

The adjuster will route this email to the respective ORM supervisor/manager for approval. If in order, the ORM supervisor/manager will approve it and forward the approved request to the ORM Contract's Unit for processing with a copy to FARA.

For contract amendment requests **\$200,000 and above, a Memorandum is required** which will be a Microsoft Word document that can be revised. The format will be as follows:

FARA Letterhead

Font will be Verdana 12 point

Modified Block style

Justified

MEMORANDUM is uppercase, bold, underscored and centered

Justified paragraphs

TO: J. S. "Bud" Thompson, Jr
State Risk Director

FROM:

DATE:

RE: Request for Contract Amendment
Contract Number:
Claimant:
ORM Claim Number:
FARA Claim Number:
Contractor:
Current Contract Amount:
Requested Contract Amount:

The first paragraph should be a brief description of the loss and what legal action has been accomplished.

Second paragraph should include additional action required as well as note critical dates (hearings, trial date, etc.).

Third paragraph should include the amount of monies paid by ORM towards the defense of this claim on the current contract, the total amount of outstanding invoices, and a statement recommending that the contract be increased from \$_____ to \$_____.

APPROVED BY:

J. S. "Bud" Thompson, Jr. State Risk Director	Date
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Joseph M. Roussel Assistant Director for Litigation Management	Date
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Ann D. Wax State Risk Administrator - Claims	Date
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Please try to keep the memorandum to two pages. A copy of the Acuity budget and a current case assessment should be included along with the amendment request.

This memorandum should be directed to Ann Wax for review. If in order, she will obtain the required signatory approvals and route to the ORM Contract's Unit for processing.

Approval Levels for Contracts:

<u>Amount of Contract</u>	<u>Approval Required</u>
\$ 0 - \$100,000	Claims Supervisor
\$100,000.01 - \$199,999.99	Claims Manager
\$200,000 and above	State Risk Administrator – Claims, Assistant Director for Litigation Management, State Risk Director, and Commissioner of Administration

CONTRACT PERFORMANCE EVALUATION FORM

Contract Performance Evaluations must contain all information required by the Louisiana Administrative Code, Title 34, Part V, Appendix F and Louisiana Revised Statute Title 39:1500. Adherence to these laws and guidelines are addressed in the agency’s audits. Completion of this form is required at the conclusion of the case or upon expiration of the contract. This form shall be completed on all cases wherein defense counsel was assigned and where an expert was obtained under contract. This includes AAG in-house attorneys. When outside defense counsel has been assigned, TrialNet/Acuity will send the assigned adjuster a notice of contract expiration 90/60/30 days prior to the expiration date of the contract.

Actual Amount Paid – the total amount paid under this contract.

Contract Amount – current amount of contract

Hourly Rate of Pay – note rates per contract – i.e., regular rates or increased rates

Actual Begin and End Dates – date of the first and last billing entries

Number of Contract Amendments and Reasons: information will be input by **ORM** Contracts Unit.

Description of Services: Check off appropriate box

Deliverable Products: Monthly and Quarterly Reports

Remaining questions on form are self-explanatory.

Adjuster and their supervisor sign and date form. Then route the signed form to Ann Wax at ann.wax@la.gov. Ann will provide copies to ORM Contract Unit and DOJ.

ORM has an Interagency Agreement with DOJ – Office of the Attorney General – Litigation Program. The following questions will be left blank on the CPE for AG staff attorneys.

The contract Review #

Contract No.

Contract Amount

Hourly Rate of Pay

Contract Begin and End Dates

Actual Begin and End Dates
Number of Amendments

The remainder of the questions should be completed.

Contractor Name will be the name of the AG attorney – DOJ/AG – Litigation Program. All other questions asked should be self-explanatory.

PROPERTY CLAIMS HANDLING – NON/CATASTROPHE

1. FARA will have a designated adjuster assigned to handle LSU Property claims.
2. To initiate a claim for damage to its property LSU will submit a First Notification of Loss (FNOL) form to the FARA claims department.
3. The FARA claims department will review the First Notice of Loss to confirm that all required information was provided. If required data is missing, LSU will be informed that the claims process will not move forward until the missing data is submitted. **Required data includes, but may not be limited to, the damaged building's State ID number, the building name, the location code and site code.**
4. Initial contact with LSU is to be made by FARA within 1 business day of FARA's receipt of a claim. An acknowledgment letter will be sent to LSU within 2 business days of the receipt of a claim by FARA. The acknowledgment letter should include the following:
 - a. The claim number and building's State ID number.
 - b. Identify Policy limits for all applicable coverages; ie. building, mobile structure, general contents, computer equipment, applicable deductible amount.
 - c. Instruct LSU to reference the claim number and State Building ID number on all future correspondence, emails, and invoices.
 - d. Remind LSU to follow its own procurement guidelines when pursuing repairs or replacement.
5. Where required, property inspections are to be scheduled within 3 business days of receipt of claim, or sooner if the severity of the loss merits immediate inspection.
6. FARA will obtain the services of a qualified expert to determine causation and damages resulting from Boiler and Machinery/Equipment Breakdown claims. FARA will make coverage determinations within their authority that apply to such claims.
7. An adjuster prepared repair estimate is required on all building losses greater \$7,500. This should include photos to document the loss and a detailed scope of repairs considered. Exceptions are to be approved by the ORM supervisor having authority over the claim.
8. A copy of the adjuster's scope of damage/repairs will be provided to LSU.
9. In situations where LSU has had to undertake emergency repairs and/or mitigation efforts prior to the adjuster's inspection, proper documentation to support and justify the emergency procurement must be obtained.

10. Water mitigation efforts may take place prior to inspection by the adjuster. LSU should document the progress of the drying out of property, whether it is building or contents, by obtaining dated and labeled photographs that show the equipment being used. Photos should also be taken of contents that is relocated to prevent it from sustaining further damage.
11. **No items being claimed should be disposed** of without FARA's permission **and** proper pictorial documentation.
12. Reserves are to be set within 30 days of receipt of claim. Changes in the scope of repair which lead to changes in reserves are to be addressed and recorded in the claim file within 30 days of a change in status.
13. After LSU has solicited bid requests, a copy of all bids should be provided to FARA in order to document that proper procurement procedures were followed. LSU should be reminded that any change orders to the contract which change the scope of repairs must be submitted to FARA for approval prior to commencement. It is important to remember not all items on a contract change orders will be for insured items, thus a detailed review is mandatory. Examples of damage repairs that may not be insured are:
 - a. Interior water damage repairs due to wind driven rain without an opening created in the exterior of the building by wind/hail.
 - b. Business personal property left out in the open and damaged by rainwater.
 - c. Upgrades/Betterments.
14. Any items of repair that are not covered by insurance must be clearly identified to LSU so that they may pursue other sources of funding before repair bids are solicited.
15. Repairs should not be contracted on a time and material basis. Contracts must be done in accordance with the procurement guidelines that apply to LSU. It is the adjuster's responsibility to establish the scope of repairs that are covered by insurance.
16. Payments are usually made directly to the repair vendor. Payments may be made directly to LSU when it is being reimbursed for the cost of repairs it has paid. This presumes that LSU has followed its own procurement guidelines in commissioning the work for which they request reimbursement. Contractor and vendor payments must include the original invoice, the claim number, the State ID and, where FEMA is involved, the PW number.
17. If a repair contract or payment request involves more than one building:
 - a. The invoice must include a breakdown listing the actual repair amount for each building.

- b. The payment should be applied to the appropriate claim for the specific state ID.
 - c. An invoice that simply divides the invoice amount by the number of buildings involved will not be processed for payment.
 - d. Once all repairs have been completed, LSU should be contacted to ensure all invoices have been submitted for payment.
18. FP&C is expected to become involved only on those losses/claims that involve complex, permanent repairs or where architectural/design changes are a component of the work to be done. When involved, FP&C will follow its established bid/repair and Capital Outlay guidelines to facilitate repairs to LSU property. On new claims where FP&C, rather than LSU, is managing the repairs, the adjusters are to coordinate with FP&C to establish the scope of loss, identify repair items that may be excluded from coverage and pursue receipt of invoices and verification of completion of repairs to allow payments to contractors.
19. Claims where FP&C is not involved may be closed when documentation is received from LSU that all work is done and all repair invoices have been considered for payment. Those claims where FP&C is involved may be closed when all invoices have been paid and a letter is received from FP&C confirming that all repairs are complete.
20. On those open claims taken over by FARA on 1/17/12 where ORM is pursuing recovery from FEMA and/or the excess insurers, the adjuster is to review reserves for adequacy and confirm that the majority of the payments have been made. Should a question arise regarding the percentage completion of repairs or the potential for additional payments, the adjuster should consult the LA Recovery website.
21. FARA will alert LSU about claims that have not been perfected within 24 months of the date of loss so that LSU may take action to complete the claim. No claim payments are to be made and file closure may not occur until repairs to the damaged property are complete and all potential recoveries have been received. LSU is allowed up to three years from the date of loss to perfect a claim with ORM. This time frame may be extended by proclamation by the Governor or by written request by LSU to the State Risk Director.
22. Claims where FP&C is not involved may be closed when documentation is received from LSU that all work is done and all repair invoices have been considered for payment. Those claims where FP&C is involved may be closed when all invoices have been paid and a letter is received from FP&C confirming that all repairs are complete.
23. In the event of a named disaster, FARA will coordinate its investigations and claims payments with State and Federal agencies and the State's commercial insurance carriers. (See Catastrophe Section)

24. FARA will represent the State in the presentation of its claims to its excess insurance carriers, GOHSEP, FEMA and CDBG for all catastrophes that occur on or after 1/17/2012.
25. LSU will participate in a Claims Review Committee along with ORM and FARA on all coverage issues, complex repair issues or disputed claims.

PROPERTY CLAIMS HANDLING – CATASTROPHE

In addition to the items 1-25 listed for Non-CAT claims handling the following special instructions apply to catastrophic losses that bring about involvement by ORM's excess insurance carriers, FEMA or CDBG.

1. The excess insurance carrier representative is to be notified when the anticipated loss reserves reach 50% of the SIR. This notice is to be sent through the excess insurance broker:

**Risk Services of Louisiana, LLC.
3700 Jackson Street, Suite 201
P. O. Box 13558
Alexandria, LA 71303
Phone #: 318-484-3314**

It is anticipated that the broker will route this notice to the appropriate parties representing ORM's excess insurance carriers.

2. After a catastrophe, such as a named storm, FARA along with GOHSEP will provide general instruction to LSU to facilitate LSU's submission of the Request for Public Assistance (RPA) and/or the formulation of Project Worksheet (PW) to FEMA.
3. FARA will instruct LSU to provide the claim number and State ID number of the damaged building to FEMA/GOHSEP.
4. Claims for damage to contents or mobile structures should be identified with the Building, including its ID, to which it is attached. This information should be included in the actual PW prepared by LSU and/or GOHSEP.
5. FARA should be copied on all correspondence and documentation submitted to FEMA/GOHSEP by LSU.
6. FARA is to maintain a master list of all reference numbers and project worksheet (PW) numbers associated with a claim should be developed and maintained for all claims associated with a declared disaster.
7. FARA should inform LSU if an Independent Adjuster (IA) is assigned. It should also provide the name and contact information for the selected adjusting firm.
8. LSU should obtain dated, labeled photographs of all the damages as soon as possible after an event. These will benefit FARA in documenting both the insured damages that will be covered by ORM and the uninsured damages that may be considered by FEMA. This will not preclude the expectation that FARA will obtain its own photographs of damage as part of the adjustment process.

9. LSU working with GOHSEP, where applicable, should prepare a PW version for all change orders to ensure all damages are captured in the PW.
10. Only change order items that are for insured damages and those approved by FARA will be considered as part of the claim.
11. Even if the change order includes non-insured items, LSU should still submit a PW version in order to receive funds for those damages that are FEMA eligible.
12. The FARA adjuster should conduct a detailed review of all change orders to approve only those that relate to insured repairs. Below are examples of items that are not insured, but may be eligible for FEMA consideration:
 - a) Hazard Mitigation Proposal (HMP) cost.
 - b) Contingency Cost Adjustments.
 - c) Direct Administration Cost (DAC
 - d) Interior water damage repairs due to wind driven rain without an opening created in the exterior of the building by wind/hail.
 - e) Business personal property left out in the open and damaged by rainwater.
 - f) Upgrades/Betterments.
13. Once all repairs have been completed, LSU should be contacted to ensure all invoices have been submitted for payment.
14. When all payments have been processed the formal reconciliation begins.