

State of Rhode Island
Department of Administration

OFFICE OF ACCOUNTS AND CONTROL

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REPAIRS TO INSURED STATE PROPERTY		October 11, 2016

Section 37-11-1 of the Rhode Island General Laws provides for comprehensive insurance coverage (subject to deductibles) on State property to protect the State against loss from fire and other risks.

Section 2 of this chapter stipulates that: “Whenever state property is damaged or destroyed, the officer, board, division, department, or commission having charge of the state property shall promptly report the loss to the Director of Administration. The Director of Administration shall forthwith make an investigation for the purpose of determining whether or not the restoration or replacement of the property is necessary or desirable. The restoration or replacement as the Director of Administration shall deem necessary or desirable shall be paid for out of the recoveries from the insurance hereinbefore authorized.”

REPORTS:

Reports should be made to the Department of Administration Risk Management Unit. The Risk Manager will negotiate and make settlements with the insurance companies for damage claims. All recoveries from insurance companies will be deposited into the RI-FANS restricted receipt account for Restoration and Replacement – Insurance Coverage.

REPAIRS:

After the agency is notified by the Risk Management Unit that the proceeds of an insurance claim have been received, a purchase requisition is encumbered against an expenditure account of the agency where the loss occurred. Such requisitions, and any subsequent payments against them, require the approval of the Risk Manager. Whenever emergency or temporary repairs are immediately necessary to protect State property, the agency concerned, with prior approval of the Risk Management Unit, will notify the DOA Central Business Office to originate purchase orders charged to the Insurance Recovery Fund restricted account.

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PAYMENTS:

Payments from the insurance recovery restricted account for the cost of repairing damages must be limited to the amount of the recovery from the insurance company. Therefore, when the deductible insurance clause is in effect, this amount will be a charge against the current appropriations of the agency whose property is being repaired, and that portion of the purchase requisition or payment voucher shall require agency approval of this charge.

After payment is made for the repairs covered under the loss, an expenditure credit will be issued to the agency from the insurance recovery restricted account through the Central Business Office at the Department of Administration.

ACCOUNT RECONCILIATION:

The Central Business Office of DOA will maintain a subsidiary record for each loss and tie the total of these records to the RI-FANS balance in the restricted account for Restoration and Replacement – Insurance Coverage as of every October 31, February 28, and June 30.