



**North Carolina
Department of Environment
and Natural Resources**

**Internal Operating
P O L I C Y**

Section: Purchase and Services

Subject: Insurance

Approved By: DENR Secretary

**Eff. Date: 1991
Revised: 2001
Page 1 of 3**

SECTION: Property and Office Services

PURPOSE:

- To establish the process for obtaining insurance coverage for DENR divisions/programs.

POLICY STATEMENT:

- The Department interprets its responsibility for insurance and risk management as requiring the highest possible concern for the safety of its employees and the public combined with a concern that maximum protection be afforded state-owned property to prevent financial loss.
- Plan for construction of proposed buildings, additions to existing buildings and renovations are to be reviewed, due to statutory responsibility, by the Department of Insurance, State Property Fire Insurance Division, whether the Office of State Construction is involved or not.

DEFINITIONS:

Liability Protection:

DENR employees are provided with liability protection through several different sources, i.e. general statutes, commercial insurance coverage for the Department as a whole, and optional insurance coverage which the employee may elect to procure.

Property Insurance:

The North Carolina General Assembly created a self-insurance fund known as the State Property Fire Insurance Fund which is administered by the North Carolina Department of Insurance. The purpose of the fund is to insure State property and to control the loss of that property and the lives of persons connected therewith. GS 58-194-2 states all insurance for State agencies must be obtained through the Department of Insurance. State agencies cannot obtain insurance directly through private companies. Of particular note to all agencies is GS 58-192 which addresses the responsibility of persons having state-owned buildings and/or contents in their custody, to inform the Commissioner of Insurance as the description, value, location and changes thereof, at occurrence.

Fire and Lightning Coverage:

Fire and lightning coverage for most office buildings is provided through the State Property Fire Insurance Fund at no cost unless the building was erected and/or is operated with "special operating funds" (funds derived from sources other than the general fund). Insurance premiums for buildings in this category are paid through the appropriate Departmental budget.

At minimum, all state-owned buildings are protected against loss from fire and lightning up to the replacement value of the building.

Extended Coverage:

Extended Coverage insurance provides coverage for losses caused by wind, hail, aircraft or vehicles, riot or civil commotion, explosive, and smoke. This coverage is provided by the State Property Fire Insurance Fund with a \$500 deductible, **when coverage is purchased from the fund.** Premiums are charged based on the value of the building and/or contents, the construction of the building, and the building's location.

All Risk Coverage:

All-Risk, or open perils insurance is usually the desirable coverage for assets exposed to high risk. Coverage under this category of insurance may be through the Department of Insurance or a commercial insurer through the State's Agent of Record based on the particular need, i.e. the value and type of property and the type of coverage and the deductible desired.

Motor Vehicle Liability Insurance:

The North Carolina Department of Insurance provides blanket vehicle liability insurance coverage for state-owned motor vehicle through the self-insured Motor Vehicles Liability Insurance Program administered by Travelers Insurance Company. This fleet policy includes all state-owned motor vehicles and is retrospectively rated which means the state's claims experience will ultimately be reflected in the premium cost each year.