

0620.07 Submission of Claims by State Employees to the Finance and Claims Committee of the State Administrative Board

Issued: January 13, 2014
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PURPOSE

To communicate procedures for filing and resolution of claims by state of Michigan (SOM) employees to the Finance and Claims Committee (F&C) of the State Administrative Board (Ad Board).

APPLICATION

Executive Branch Departments and Sub-units (Agency)

CONTACT AGENCY

Department of Technology, Management and Budget (DTMB)
State Administrative Board (Ad Board)

Telephone: 517-388-5773 Claims Technician/Analyst
517-388-5850 Secretary of Ad Board

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SUMMARY

The Claims Technician/Analyst processes claims for personal property losses submitted by SOM employees for Ad Board approval and prepares the claims portion of the agenda for the meetings of the F&C.

APPLICABLE FORMS

DTMB-1104 Claim Against the State of Michigan for Personal Losses Less than \$1,000 (Claim Form)

PROCEDURES

Claims by SOM Employees

- The Ad Board has discretionary authority, upon the advice of the Attorney General, to decide claims for property loss/damage or personal injury against the SOM, its departments/agencies, officers, or colleges and universities in an amount less than \$1,000 (see MCL 600.6419).
- The Ad Board has delegated authority to Agency directors to consider, deny, or approve employee claims for damages or loss (together "loss") less than \$500 except for claims relating to eyeglasses, automobiles, jewelry over \$50, and cash over \$100. Agency directors must submit a monthly report of claims paid or denied under this delegated authority.

- Claims by SOM employees for loss require:
 - Submittal of a claim within 365 days of the date of loss.
 - A detailed description of the loss or damage. If additional space is needed, the employee may attach an additional sheet using 8-1/2" x 11" blank paper.
 - The loss occurred in the course of the employee's employment, or the loss occurred by reason of an action, inaction, property defect, or maintenance condition attributable to the SOM.
 - The employee's action or inaction was not a contributing factor to the loss.
 - The personal property was reasonable for the employee to have at work.
 - An Agency incident report or police report must be provided with the claim.
 - A repair estimate or receipt and/or proof of insurance deductible must be provided.
 - Claims for theft of money require that the money was taken from the employee by force or threat of force and a police report must be provided.
 - Employee must not have been reimbursed for the loss from another source.
 - Claims by insurers under subrogation rights will not be accepted.
- Personal property loss reimbursements are based on the present value and not replacement cost. Claims are subject to the following depreciation requirements:
 - Depreciation is calculated with a 20% straight-line depreciation rate per year starting with year two and continuing until a residual balance of 10% remains.
 - Automobile, eyeglasses, precious metal jewelry, and cash claims are not subject to depreciation.
 - If the employee cannot provide a receipt or proof of the original purchase amount to assist in the determination of the present value of the item(s), the residual value may be calculated using the average cost of comparable item(s).
 - Claims for disposable or perishable property such as food will not be considered without a receipt that shows purchase within 7 days of loss.
- In addition:
 - Automobile property loss claims that occur when an employee uses a personal automobile while on state business require that the employee

is in compliance with his/her Agency requirements for using a personal automobile instead of a state automobile.

- Automobile property loss claims that occur while an employee's automobile is operated or parked on state-owned or leased property requires that the loss occurred while the automobile was being properly operated or parked at state-owned or leased property and state action or inaction contributed to the loss or damage.

Processing Claims

State Employee/Claimant

- Submits the Claim Form with a copy of relative supporting documentation to the Claims Technician/Analyst or to the Finance Division or Human Resources Division of the appropriate Agency under whose control the claim occurred.
- The Claim Form must be completed in full, signed by the employee, and notarized.

Claims Technician/Analyst

- Assigns a claim number and records the claim in the claims database.
- Saves an electronic scanned copy of the claim documents.
- Sends a receipt to the employee or returns the claim to the employee for proper completion.
- Forwards the claim file to the applicable Agency for investigation and recommendation for payment or denial.

Agency

- Transmits a copy of the claim to the Agency personnel assigned to investigate claims or to supervisory personnel with personal knowledge of the incident leading to the claim for an investigative report.
- Prepares an investigative report for the Agency's principal executive officer or the designee so a recommendation for approval or denial of the claim can be prepared for the Ad Board.
- Sends the claim and Agency recommendation to the Ad Board with supporting documentation and recommendation. Claims may be submitted to the Ad Board electronically.

Claims Technician/Analyst

- Reviews the claim, Agency recommendation and supporting documentation for consistency.
- Seeks the advice of the Attorney General for discrepancies. The Claims Technician/Analyst or Attorney General may contact the investigating Agency to resolve a discrepancy.

- Places the claim information and recommendation on the F&C Agenda. If a discrepancy cannot be resolved, the Claim Technician/Analyst, under the advice of the Attorney General, either places the agency recommendation or an alternate recommendation on the F&C Agenda.
- Logs the recommendation, F&C date, and Ad Board date in the claims database.
- Prepares and forwards the claim section of the F&C Agenda to the Ad Board Secretary for F&C action.

Ad Board Secretary

- Prepares and forwards F&C Agenda to the F&C Committee for review of the agenda and recommendations.
- After the F&C meeting, prepares the F&C meeting Report and forwards the F&C Report and the F&C Agenda containing the claim recommendations to the Ad Board for final approval.

Claims Technician/Analyst

- Prepares the Claim Decision letter.
- After the Ad Board meeting, notifies the Agency and the employee of the Ad Board's decision by letter.

Agency

- Distributes signed claim decision letter to pertinent Agency representatives for informational purposes and/or payment processing.
- Is responsible for timely payment to the employee of awarded claims.
