

## Supplemental Insurance Definition

The supplemental property program is an optional insurance program that allows specialized property such as contractor's equipment, trailers, and miscellaneous structures to be insured for physical damage and/or theft. The Risk Management Division asks agencies to report this equipment, so it can be listed separately on the State's commercial property insurance policy.

The premium charged to agencies is calculated based on the asset's original purchase cost multiplied by the equipment insurance rate as approved by the Legislature. The Governor's Office of Finance requests updated information each biennium to include this equipment as part of the property (equipment) insurance rates.

**Contractor's Equipment** is typically a vehicle and/or mobile equipment, with a value greater than \$50,000 with a primary function *other than* passenger transport. Examples include - *backhoes, earth movers, graders, forklifts, dump trucks, and other large construction equipment or farm machinery such as tractors, seeders or diggers.* (All vehicles that are licensed for road use, should also be reported to the Attorney General's Office for the required liability insurance coverage).

Additional special equipment such as **trailers\*** which is attached to a motor vehicle but not capable of moving under its own power is also covered under the State's property program if their insured value exceeds \$25,000.

**ATV's/UTV's\*** and other off-road means of transportation can be covered under the supplemental property insurance program if their insured value exceeds \$25,000.

Supplemental property also includes separate **permanently installed miscellaneous structures** that are not certified for occupancy and cannot be easily defined by their square footage for insurance premium allocation purposes. These structures include water tanks, solar arrays and communication assets. Typically, these structures are not assigned a Public Works ID number nor an Asset ID by the Controller's Office.

### Replacement Cost vs Actual Cash Value (i.e. insured value)

The replacement cost is the amount it would cost to replace an asset at current market prices, while actual cash value is the original purchase price less depreciation. All vehicles/mobile equipment older than five years are subject to actual cash rather than replacement cost.

**\*Note:** Trailers, ATV's and UTV's with an insured value of less than \$25,000 can be insured under the auto physical damage program (**APD**)

### Legend

ATV = All-Terrain Vehicle

UTV = Utility Vehicle