



University of Wisconsin Accounting Procedure

Category: Financial		Effective Date: November 17, 2025
Task or Process: Loss Fund (FD0999) transactions		Revision Date: Issued Date: November 17, 2025
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Purpose

The purpose of this procedure is to establish standardized processes for managing insurance proceeds and related expenditures following damage to University of Wisconsin (UW) System property.

Background

When damage occurs to UW System property, institutions may be reimbursed for their losses from the [State Self-Funded Property Program \(SSPP\) or other applicable insurance](#).

Fund 999 was established to account for the receipt and disbursement of proceeds from losses without the need to encumber regular departmental operating budgets. This procedure establishes guidelines for the operation of fund 999, use of the revenue and associated accounting and reporting requirements.

Definitions

Fund 999 – Insurance Loss: Fund used to record the receipt and disbursement of proceeds from insured property losses.

Funding String: A set of financial identifiers (worktags) used to classify and track financial transactions within the UW System’s financial system.

Procedure

Loss Evaluation and Claim Initiation

In the event of damage to UW System property exceeding \$1,000, the university must promptly report the incident to UWSA Risk Management and the Bureau of State Risk Management. The report should include a brief description of the incident and an estimated cost of repairs.

Deposit and Expenditure of Insurance Proceeds

All insurance proceeds must be deposited into fund 999 and insurance related expenditures will be charged to fund 999 as well. Only excess expenditures or excess revenues shall be transferred to the departments that incur the insurance loss. This will maintain an audit trail of the use of the insurance proceeds.

Non-Builder’s Risk Claims

The risk manager will request a new funding string from the campus Accounting Office to separately

track the revenue and expenditures of such loss. The insurance proceeds will be deposited under ledger account and revenue category, Insurance Loss Reimbursement. All insurance related expenditures will be made directly to the designated funding string.

The department that incurred the loss may begin making replacement expenditures from fund 999 up to the amount of the predetermined scope of work expenditure limit or follow other prescribed campus steps. Expenditures, which must be approved by the Institutional Risk Manager (IRM) or the IRM's designee, must be for items that are identical or similar in nature to the lost property and/or services needed to restore it to its original use.

When all costs are finalized, all invoices related to the claim are itemized on a Proof of Loss (DOA-6413) form and submitted to SSPP for evaluation and reimbursement for the loss. Upon approval, a check from SSPP will be sent to the campus.

Builder's Risk Claims

The project manager will request a new funding string from UWSA Risk Management to separately track the revenue and expenditures of such loss. In coordination with the insurer, the contractor pays all bills for response and recovery of their materials and submits related losses to project manager. The project manager collects all expenses related to construction site loss. All insurance related expenditures, minus the deductible, will be paid out of the designated funding string. Project manager submits all expenses to UWSA Risk Management along with all support documents for construction site loss only. UWSA Risk Management submits to Insurer. Insurer reviews and sends reimbursement settlement check (minus deductible) to UWSA Risk Management. The insurance proceeds will be deposited under ledger account and revenue category, Insurance Loss Reimbursement. All insurance related expenditures will be made directly to the designated funding string.

Reconciliation & Final Loss Close Out

At least annually, the funding string will be reconciled by the institutional risk management office. The positive or negative cash balance carries forward across fiscal years.

At conclusion of the loss, any excess expenditures will be transferred to the department which incurred the insurance loss. Excess expenditures may be a result of deductibles or insurance proceeds not fully covering the replacement value of items.

In the rare event, that there are excess insurance proceeds, the institutional risk manager will coordinate with UW System risk management to determine if the funds will need to be returned. If the campus is allowed to retain the funds, an expense transfer should be requested to move an appropriate expense into the insurance loss department to utilize the remaining proceeds.

After all transactions are accounted for, the IRM will request closure of the funding string.

Related Documents

[State-Self Funded Property Program](#)

[Wisconsin State Statutes 20.907\(5\)\(e\)\(4\)](#) Custody Accounts. Insurance loss receipts.

Procedure History