

A.R.S. § 41-621(B) State self-insurance against property damage and liability

B. (In part) To the extent it is determined necessary and in the best interests of this state, the department of administration shall obtain insurance or provide for state self-insurance against property damage caused by clients and liability coverage resulting from the direct or incidental care of clients participating in programs of this state and its departments, agencies, boards or commissions relating to custodial care. The insurable programs shall include foster care, programs for persons with developmental disabilities, an independent living program pursuant to section 8-521, a transitional independent living program pursuant to section 8-521.01, an extended foster care program pursuant to section 8-521.02 and respite-sitter service programs. The department shall obtain insurance or provide for state self-insurance pursuant to this subsection to protect the clients participating in these programs and individual providers of these program services on behalf of this state and its departments, agencies, boards or commissions. The state self-insurance claims or other insurance that is provided or obtained pursuant to this subsection may not be more than \$1,000,000 per claim, including related claims, and \$2,000,000 in the aggregate per year. The limits may be adjusted pursuant to rules adopted by the department of administration. Insurance and state self-insurance as prescribed in this section do not apply to providers who are contractually required to indemnify this state or a state department or agency for some or all of the liability of this state or a department or agency of this state. The insurance provided under this subsection does not include medical or workers' compensation coverage for providers.



**STATE OF ARIZONA
PROVIDER INDEMNITY
PROGRAM**

**ARIZONA DEPARTMENT OF
ADMINISTRATION
RISK MANAGEMENT DIVISION**

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This document serves as an overview of the Provider Indemnity Program for qualified service providers under A.R.S. §§ 41-621, 8-521, 12-661, 12-821, 12-821.01, and 12-820.05. The information provided is an interpretation of the applicable Arizona Revised Statutes and Arizona Administrative Codes and therefore does not constitute a confirmation of coverage.

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PROVIDER INDEMNITY PROGRAM

The Provider Indemnity Program, better known as PIP, is an insurance program developed by the State of Arizona that provides liability coverage for certain individual providers while caring for a state client and acts of qualified clients that result in damage or injury.

The Department of Administration, through the Risk Management Division, provides insurance to cover losses caused by an occurrence or wrongful act resulting from the actions of an individual provider or a covered client to provide:

1. Liability coverage for providers and clients pursuant to A.R.S. § 41-621.
2. Coverage on a replacement cost less depreciation basis for the loss of or damage to real or personal property owned by a provider as a result of the actions of a client.

To qualify for coverage under PIP, the state client must be participating in one of four state-sponsored programs at the time the incident occurs:

- Foster Care
- Programs for the Developmentally Disabled
- Respite-Sitter Services
- Independent Living

PIP is funded by the State of Arizona, and there is no charge to the individual provider for this coverage. PIP may apply to certain losses when allegations of negligence are made against an eligible client or individual provider. However, PIP is not designed to meet all of the insurance needs an individual

provider may require. Each individual provider should check with his/her insurance agent to make sure that all other insurance needs are covered.

WHO IS ELIGIBLE FOR COVERAGE?

The Arizona Revised Statutes provide coverage for both eligible clients and providers.

- Client means an individual in custodial care of a provider through contract or court order with a state agency through programs listed in A.R.S. § 41-621(B).
- Provider means an individual or entity licensed to provide services to state clients as outlined in A.R.S. § 41-621(B) that is not contractually required to indemnify and hold the state harmless.

In order for PIP to apply to a liability loss, the individual provider and the client must meet the criteria of the above definitions at the time of the alleged incident.

WHAT DOES PIP COVER?

PIP provides liability coverage for allegations of negligence against eligible providers and clients resulting in:

1. Damage to the property of others, including the individual providers.
 - Damage to the individual provider's property is limited to losses that result from the direct or incidental care of an eligible client.

- Coverage is provided on a replacement cost less depreciation basis for the loss or damage to real or personal property.
2. Bodily injury or personal injury caused by an eligible client or individual provider.

EXCLUSIONS OF COVERAGE:

Coverages that are excluded from the program are:

1. Mysterious disappearance of property;
2. Intentional, unlawful, or illegal acts, except claims pursuant to A.R.S. § 12-661;
3. Automobile physical damage resulting from permissive use by a client;
4. Benefits covered under any workers' compensation, unemployment compensation, or disability benefits law;
5. All claims or lawsuits, including defense costs, that result from physical abuse, sexual abuse, or sexual molestation, except claims pursuant to A.R.S. § 12-661;
6. Pre-existing damage or normal wear and tear to the individual provider's personal property as a result of having a client in the home;
7. Offenses that are determined to be a felony pursuant to A.R.S. § 12-820.05;
8. Contractual breaches.

HOW TO REPORT A CLAIM:

In the event that an incident occurs that could lead to a bodily injury or property damage claim, the individual provider should immediately report the incident to the caseworker and licensing case manager, as well as appropriate authorities, such as local police, fire, etc., when applicable. It is important that each claim, or even an incident that could lead to a claim, be reported as soon as possible after it happens unless extenuating circumstances exist. A.R.S. § 12-821.01 requires a claim be reported no later than 180 days from the date of loss. Proof of loss is the responsibility of the individual provider or person making the claim.

- Individual service providers should follow the instructions outlined on the *Provider Property Damage Claim Form* for damages to their property.
- For damages or injuries to others, a *Notice of Claim Against the State of Arizona* form should be completed. The claim should include a detailed description of the incident, claimant information, estimates, invoices, and photographs of damages or injury as appropriate, and any other relevant information.

The owner or injured party/person making the claim must submit his/her claim to:

Office of the Attorney General
2005 North Central
Phoenix, Arizona 85004

If, for any reason, you (client or provider) are served with a summons or complaint associated with a lawsuit, IMMEDIATELY contact the Risk Management Division at 602-542-2182 and forward the papers to the Office of the Attorney General the same day unless otherwise instructed.

CLAIMS REPORTING CHECKLIST:

Include the following on the *Provider Property Damage Claim Form* or *Notice of Claim Against the State of Arizona* form:

- A copy of your DES/DCS license (Developmental Foster Home, Family Foster Home, etc.)
- The state program that you and the client were participating in at the time of loss: Foster Care, Programs for the Developmentally Disabled, Respite-Sitter Services, or Independent Living.
- Date, time, and location of the incident.
- Name, address, email address, and telephone number of the property owner.
- Name, address, email address, and telephone number of the provider (if different from the property owner).
- Name and date of birth of the state client involved. Include the date of placement in the home.
- Caseworker and licensing case manager contact information (name, phone, email address, and agency).
- A detailed description of the incident, including any unusual circumstances, incident/police/fire reports, witnesses, etc.
- Proof of the loss is the responsibility of the property owner, which must include a description of the damaged property and a receipt, photograph, etc. Retain all damaged property, whenever possible, for inspection by the adjuster.
- An estimate to repair or replace the item. Personal property is typically subject to depreciation and will be reimbursed based on actual cash value or market value.
- Keep a copy for your records. Once your claim is received at the Office of the Attorney General, a file will be opened by the Arizona Department of Administration, State Risk Management Division. An acknowledgement letter will be generated providing you with your claim number and proper contact information that includes the office address, phone number, etc. To ensure proper handling, any additional communication or documentation should reference the correct claim number and be directed to State Risk Management unless otherwise instructed.