

**ANNUAL ASSESSMENT AND LIABILITY/BONDING REQUIREMENTS
AND PAYMENT CALCULATION**

1. Annual Assessment. CMWR activities that do not participate in the NPC Recreation and Mess Central Accounting System (RAMCAS) must submit an annual assessment based upon total revenues generated by the CMWR activity during the fiscal year being reported. CMWR activities with less than \$25,000 in annual revenues are exempt from the annual assessment. Based on the amount entered on line 16 (CASH RECEIPTS) of enclosure (2), annual assessments of CMWR activities are as follows:

<u>TOTAL CASH/REVENUE RANGE</u>	<u>TOTAL ASSESSMENT</u>
\$ 0 - 25,000	\$ 0
\$25,001 - 70,000	\$225
\$70,001 - 85,000	\$275
\$85,001 - 100,000 and over	\$325

2. Property and Liability Insurance. Per references (b) and (c), CMWR activities must maintain property and liability insurance coverage and personnel responsible for the custody of NAFs must be bonded. At a minimum, CMWR activities shall purchase coverage for NAF-purchased furniture, fixtures, and equipment (as recorded on NAF control records), merchandise inventory, NAF-purchased vehicles, and its NAFs and securities. CMWR activities may obtain insurance coverage through a commercial insurance company or coverage may be obtained through Navy MWR's Self-Insurance Program. If the CMWR activity has elected to purchase commercial insurance coverage rather than participate in Navy MWR's Self-Insurance Program, a copy of the commercial insurance binder must be submitted. Please note that the minimum liability coverage of \$500,000 per person and \$1,000,000 per occurrence is required. Typically, insurance purchased through Navy MWR's Self-Insurance Program is less expensive than commercial insurance coverage.

3. Calculating property and liability payment. To establish the cost for NAFI property and liability insurance coverage, the CMWR activity must determine the current (depreciated) value of NAF-purchased furniture, fixtures, equipment, and vehicles, and add that figure to the actual value of merchandise/stock inventory on-hand.

4. Calculating bonding coverage and payment. To determine the amount of bonding insurance, identify the titles of the CMWR activity staff, the number of positions to be covered, and the total amount of bonding sought for each position. CMWR activities are only covered for the amount of bonding insurance purchased and losses greater than that amount must be absorbed by the activity. Therefore, careful consideration should be given to the amount of bonding insurance required by the CMWR activity.

5. Total Activity cost for coverage. Once the property values and bonding insurance requirements have been determined, add them together. This amount represents all of the CMWR activity's insurable assets. Identify the appropriate asset range below and use the corresponding multiplier to determine the CMWR activity's cost for obtaining coverage through Navy MWR's Self-Insurance Program.

a. 0.75% of value of covered assets and revenue for activities equal to or greater than \$1,000,000.

b. 1% of value of covered assets and revenues for activities between \$100,000 and \$999,999.

c. 1.25% of value of covered assets and revenues for activities less than \$100,000.

6. Example. The following example is provided to assist you in calculating your CMWR activity's annual assessment and insurance payments for this fiscal year. For this example, the following fictitious financial data will be used:

- Total cash receipts = \$92,000 (Fund Financial Statement-Line 16)
- Depreciated NAF property (office equipment) = \$2,000
- Current stock inventory = \$2,400
- Bonding insurance is required for two persons who have access to no more than \$5,000 at any time.

a. To determine the correct amount for casualty, liability, and bonding insurance, add together your total cash receipts, the total value of your property and inventory, and the amount of bonding you have determined, which equals \$106,400. Multiply \$106,400 by the corresponding multiplier determined from the appropriate asset range in paragraph 5 above, which is 1% ($\$106,400 \times 1\% = \$1,064$), to determine the amount you owe for insurance. See example in paragraph 6c below.

b. To determine the assessment payment for the activity, take the total cash receipts (Line 16 of the Financial Statement) for the activity (\$92,000) and find the appropriate asset range on the chart in paragraph 1 to determine the amount owed for assessment. Since the amount of \$92,000 fits into the 85K or greater range, the amount due for assessment is \$325. To determine the total amount due, add your insurance and assessment together, which equals \$1,364.00.

c. Example:

Total Cash Receipts (Line 16)		\$92,000
Total NAF property (Equipment/stock inventory)		\$4,400
Bonding (2 persons @ \$5,000)	+	<u>\$10,000</u>
Total Insurable Assets	=	\$106,400
Multiplier (1%)	x	<u>1%</u>
Equals Insurance Premium	=	\$1,064.00
Plus assessment	+	<u>\$325.00</u>
Total Due (Assessment & Insurance)		\$1,389.00

7. Payment. If payment is submitted with one check, please include a breakdown of the assessment, liability, and bonding coverage payments.