

Claremont University

Risk Management

Manual



General policies & procedures for
risk management and insurance

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Purpose of Manual

This manual outlines the policy of the Claremont Colleges regarding the management of potential losses to which we are exposed as a result of our everyday activities.

It is the purpose of this manual to contribute to proper risk management by providing information on the Risk Management program and procedures.

This manual should serve as a reference to those individual and departments who may encounter risk management issues such as property damage, injuries to fellow employees, or who have questions regarding the risk exposure of the Colleges. The manual will outline the methods by which each particular exposure is handled and the administrative procedures to be followed. The information and procedure in this manual are intended to serve as guidelines for your day-to-day use. Any interpretation of insurance coverage or request for additional information should be made through the Risk Management Office, Claremont University Consortium.

Risk Management Policy Statement

The role of the Risk Management Office at The Claremont Colleges is to identify and analyze exposures to persons and property, manage claims, implement and monitor risk control measures, and administer a sound financial risk program consisting of self-retention and traditional insurance.

To this end, emphasis is on prevention and mitigation of losses, and campus offices and departments are urged to utilize our services in helping them

control risks that can impact their financial well being and overall performance.

The types of services Risk Management can provide are:

- Identifying sources of loss to College property, employees, students and the general public;
- Evaluating the impact of losses in terms of frequency and severity, and
- Helping to control these sources of loss by creating and implementing loss control programs.

For those losses that occur despite our loss control measures, we will:

- Retain risks whenever the amount of potential loss would not significantly affect a College's assets or operations, and
- Transfer risks via insurance purchases in such amounts as to provide protection against catastrophic loss; and where required by law or contractual agreement, providing that the degree of risk, compared with the cost of insurance is economically feasible.

Other responsibilities of the Risk Management Office are:

- Provide information regarding Workers' Compensation benefits and laws to employees and department; facilitate the claims process with insurers; ensure that injured employees receive proper benefits;
- Serve as liaison between the Colleges and insurance companies agents and brokers, and obtain needed insurance coverage and certificates of insurance;

- Inform and educate The Claremont Colleges community on coverage in effect and the limitations of the policies (deductibles, exclusions, etc.); and
- Consult with The Claremont Colleges community regarding how to mitigate exposures that may have impact on our mission.

General Liability

The Colleges insure their general liability exposures with a commercial insurance company. General liability refers to those incidents that involve a third party, usually bodily injury or property damage, that may be caused as a result of an inappropriate or negligent act on the part of a college.

Reporting Incidents: All incidents involving third-party bodily injury or property damage should be reported to the Risk Management Office immediately.

At times, notice of an incident may be received after the fact in a number of different ways:

1. By letter from the injured party or an attorney.
2. By a phone call from a witness at the scene of an accident, or
3. By a member of your staff.

In any event, all such notifications, whether or not you expect a claim to be made, should be reported immediately.

Investigating Incidents: It is important that any suspected or actual incident be reported immediately to Risk Management. Any additional

information, such as names of witnesses, or names of involved parties, of which you are aware, should be recorded and provided to Risk Management.

It should be expected that, in cases of substantial injury or property damage, Risk Management or one of our representatives or agents, such as an insurance company adjuster, to address your knowledge of the incident in question, would contact you.

Under NO circumstances should you discuss or provide any written information to anyone who has not been cleared by Risk Management. Refer all phone calls and inquiries to the Risk Management Office.

Legal Papers: If you are served and accept legal papers, immediately forward copies to Risk Management.

Other Legal Liability

Not all liability claims are the result of allegation of bodily injury or property damage. Some claims are alleged to have occurred as the result of some wrongful act, error, or omission on the part of a College, its officers, or employees. For example, a former employee may claim that his / her employment was terminated in violation of constitutional rights or other protections provided by federal or state law. Another example might be a visitor on campus claiming that certain rights were violated when instructed by a security officer to cease and desist some activity and to vacate the premises. There are various other sources of claims where the damage alleged is not an injury or property loss. The Colleges maintain insurance and / or self-insurance that would address these incidents. They may fall under the categories of educators' legal liability, professional liability, etc. In

any event, the Risk Management Office should be notified whenever such claims are made in order to take steps to preserve our rights under existing insurance policies.

Automobile Liability

The Colleges insure their owned and leased automobiles with a commercial insurance company. Automobile liability incidents are those that involve a College-owned or leased vehicle being responsible for property damage or bodily injury.

Reporting Incidents: All incidents involving college-owned vehicles should be reported to the Risk Management Office immediately. The operator of the vehicle must complete an incident report, providing all details of the incident, especially the names and addresses of the occupants of the other vehicles involved in the incident.

The incident report will be forwarded to the Colleges' insurer who will contact all parties involved. **DO NOT** give statements to anyone not representing the Colleges and do not make any statements regarding liability.

Use of College-Owned Vehicles: All operators of college-owned vehicles must meet underwriting guidelines established by the Colleges' insurers. A College's Human Resources Office can submit drivers' names and release forms to the Risk Management Office which, in turn, will obtain records from the Department of Motor Vehicles whenever possible. Drivers not meeting the guidelines will not be authorized to drive and will be uninsured if they do drive. DMV records will be checked annually.

The operation of college-owned vehicles should be restricted to college business only whenever possible.

The Colleges indemnify all drivers authorized to operate college-owned vehicles.

All operators of college-owned vehicles are encouraged to take a defensive driving course and refreshers at three-year intervals.

Insuring College Owned or Leased Vehicles: The acquisition and disposition of college-owned vehicles must be reported to the Risk Management Office. This office will add/delete the vehicle to the master insured list, assign a fleet number, and charge a premium. A proof of insurance card will be issued and renewed annually.

Use of Privately Owned Vehicles: The use of privately owned vehicles for College business is not insured under the Colleges' automobile liability insurance. While using your personal vehicle, your own insurance policy is in effect.

Property Damage to College-Owned or Leased Vehicles: The Colleges self-insure property damage to owned or leased vehicles not caused by a negligent third party. If there exists a negligent third party, the college or office that owns the vehicle must pursue recovery from the other party or the other party's insurance company. Risk Management will assist the vehicle operator in this recovery action but cannot negotiate a settlement, as it is not the legal owner of the vehicle.

Property damage claims that do not involve a negligent third party require the following:

Incident Report

Two detailed repair estimates

The self-insurance fund will reimburse the lower of the two estimates less a \$100 deductible.

Rental Vehicles: Rental vehicles are not insured by the Colleges for liability or physical damage (collision or comprehensive). Rental car companies should provide liability coverage within the rental price. Physical damage coverage (collision damage waiver) is purchased or declined in accordance with each college's policy. Many corporate credit cards provide this coverage is used to pay the rental fee.

Whenever possible, vehicles should be rented in the name of the college, not the individual.

All drivers of rental vehicles should meet the eligibility criteria for operating college-owned vehicles.

Property Insurance

Building and Contents: All college-owned buildings and their contents are insured under a blanket all-risk policy. This policy insures against perils such as fire, flood, vandalism, etc. The Colleges DO NOT carry earthquake insurance.

Presently, boiler and machinery coverage is also included in this blanket policy.

The policy carries a deductible of \$10,000 per occurrence.

Fine Arts: Works of art, rare books, musical instruments, etc. are insured separately under a special property policy. Items are insured against damage, theft, flood, and other physical perils and there is limited earthquake coverage.

Items to be insured must be reported to Risk Management with an inventory providing a description of the item, artist, author, campus location, and value.

There is a \$25,000 flood deductible, a \$100,000 earthquake deductible, and a \$1,000 deductible for all other perils.

Electronic Data Processing (EDP) Equipment: Computing equipment is also insured under a separate policy. This policy provides coverage in the event of theft or damage of EDP equipment, including earthquake and flood.

EDP equipment to be insured must be reported to Risk Management by value and building location. Individual offices or departments should maintain invoices for all equipment, which will verify purchase and cost in the event of a loss.

There exists a \$1,000-deductible for breakage, a \$5,000-deductible for theft, a \$25,000-deductible for flood, and a \$100,000-deductible for earthquake damage.

Leased/Rented Property and Equipment: If equipment is leased, rented, or loaned, it is customary for the lessor to request insurance coverage. Such coverage can be provided subject to the usual terms and conditions of the Colleges' insurance policies, such as deductibles. Coverage is to be requested from the Risk Management Office and information needed include:

Name and address of owner

List and description of equipment to include model and serial numbers

Value of equipment

Lease or rental agreement number

Term of lease

Location or where equipment will be housed

Use of College-Owned Equipment: All College-owned equipment to be used by parties other than the Colleges should be insured by the using party. They should provide the Colleges with a certificate of insurance as evidence of coverage.

Other Insurance

Non-Owned Aircraft Liability: The Colleges insure themselves for the liability associated with the use of non-owned aircraft (not commercial) used in the course of conducting college-related business. The Risk Management Office should be provided with the following information relating to the use of non-owned aircraft:

Purpose and destination of the flight

Flight schedule

Who the passengers will be
Type of aircraft and pilot

Crime/Fidelity Insurance: This insures the Colleges against dishonest acts of employees that affect the financial assets of the Colleges. This coverage carries a \$50,000-deductible.

Foreign Liability: This coverage insures the Colleges against claims made for general or automobile liability occurring outside the United States, its territories, and Canada.

Certificates of Insurance

A certificate of insurance is a document which shows proof of insurance coverage to a third party, or which extends the same coverage available to the Colleges to a third party.

All requests to produce certificates of insurance should be forwarded to the Risk Management Office. The Colleges' insurers will honor these requests where appropriate. All requests for certificates should indicate the type of event, dates of event, location of event, copies of any contracts, and the name, address, phone number, fax number, and contact person of the organization to which the certificate should be sent. If it is a request for a property insurance certificate, Risk Management needs a detailed/itemized list of the property, its value, the length of the lease, a copy of the lease, and where the property will be located on campus.

The certificate of insurance will indicate the Colleges' insurance company, policy number, limits, and expiration date.

Requests for certificates of insurance made by the Colleges to contractors and other firms doing business with the Colleges should include the following:

- The College(s) involved should be named as the Certificate Holder and named as an Additional Insured. The College(s) should also be specifically named as being entitled to 30 days written notice in the event of cancellation or restrictions in the insurance coverage.
- The certificates should reflect current dates of coverage. If a certificate expires while a firm is still doing business with the college, a new certificate should be obtained.

Documents proving commercial general liability and workers' compensation insurance are necessary. Automobile liability and products liability (e.g., food vendors) should be requested where applicable.

Standard levels of liability coverage that should be carried by companies doing business with the Colleges, and which should be reflected in the certificate of insurance are as follows:

Bodily Injury: \$1,000,000 per person
 \$1,000,000 annual aggregate

Property Damage: \$1,000,000

Lower limits may be appropriate for small vendors.

Use of College Facilities

The use of college-owned buildings and facilities via rental/lease or *gratis* creates a liability exposure for the College owning the property. The College should transfer this liability whenever possible.

Transfer is accomplished by having the user add the College to its general liability insurance or homeowners policy as an additional insured.

Insurance limits should be \$1,000,000 combined single-limit for personal injury, bodily injury, and property damage for commercial users and \$100,000 per occurrence for homeowners.

Lease and rental agreements should include a hold-harmless clause in which the lessee agrees to indemnify and hold the College harmless for accidents arising out of the lessee's occupancy and/or negligence.

Workers' Compensation

Workers' compensation was created to enforce liability on the part of all employers to compensate any employee for injury or disability occurring in the course of their employment.

Purpose: To ensure that an employee who sustains an industrial injury, and those who depend upon the employee for support, will have adequate means of support while the employee is unable to work and is not discriminated against by his or her employer or the employer's insurance carrier because of the injury.

Coverage: California Workers' Compensation Law basic purpose is to provide the following benefits:

- **Medical Treatment:** To ensure that an employee who sustains an industrial injury receives adequate medical treatment to bring about a rapid recovery without cost to the employee.
- **Temporary Disability Payments:** Partial replacement of lost wages, two-thirds of the employee's average weekly wage up to a maximum set by the State Legislature. Payment will be made so long as the treating physician says the employee is unable to work because of the industrial injury.
- **Permanent Disability:** Payments are made if the injury results in a permanent handicap. If the injury results in a permanent handicap, additional payments will be made once the employee has reached maximum recovery.
- **Vocational Rehabilitation:** Services necessary to help injured workers return to suitable and gainful employment.
- **Death:** If the industrial injury results in death, payments will be made to surviving dependents.

Our insurance carrier based on the treating physician's medical findings determines benefits.

Reporting Incidents: Within one working day of receiving notice or knowledge of an injury, the employer shall provide an Employee Report of Accident. The employee shall complete the form describing the injury and how, when and where it happened. Supervisors must complete the Supervisor Report of Accident. Both reports shall be sent to the Workers' Compensation office for filing. Any injury that **requires** medical treatment

must be reported to the workers' compensation administrator as soon as possible. Any injury occurring after hours, weekends or holidays must be reported to Campus Security at extension 72000. Prompt reporting is the key to timely benefits.

Additional Information

For more information concerning risk management and insurance coverage issues, please contact:

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