

# ADMINISTRATIVE POLICIES AND PROCEDURES

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**SUBJECT:** RISK MANAGEMENT/INSURANCE POLICIES & PROCEDURES

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**AUTHORIZING BODY:** FINANCE & ADMINISTRATION DIVISION

**RESPONSIBLE OFFICE:** RISK MANAGEMENT DEPARTMENT

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**RATIONALE:** All organizations experience certain risks that are inherent in their endeavors such as strategic risks, operational risks, financial risks, compliance risks and reputational risks. This policy offers guidance for managing University risk and insurance issues including the distribution of the related financial responsibilities.

**POLICY:** While the University as a whole is responsible for managing and mitigating the risks of the University, it is the Risk Management Department's responsibility to develop and implement an overall strategy for managing and insuring those risks that have the potential to impact the University in a negative way. Any purchase of insurance will be accomplished through the Risk Management Department and all insurance reserves will be managed by the Risk Management Department.

Methods to allocate premiums, retentions and Deductibles are determined by the Risk Management Department.

All claims of loss or injury will be reviewed and handled by the Risk Management Department. Litigated Claims will be handled by the Office of Legal Affairs in cooperation with the Risk Management Department and a Third Party Claims Administrator.

**SCOPE AND APPLICABILITY:** This policy applies to all University faculty, staff, students and volunteers.



## **DEFINITIONS:**

***Certificate of Insurance:*** Is a document issued by an insurance company/broker that is used to verify the existence of insurance coverage under specific conditions granted to listed individuals. More specifically, the document lists the effective date of the policy, the type of insurance coverage purchased, and the types and dollar amount of applicable liability.

***Cyber Insurance:*** Insurance covering events of data loss, computer fraud losses and compliance with regulations regarding the loss of personally identifiable information.

***Deductibles:*** Is the portion of the claim not covered by insurance and is typically paid by the Operating Department. A deductible is applied to each claim reported.

***Errors & Omissions Coverage:*** Covers employee related lawsuits including breach of contract, discrimination, whistleblower, etc.

***General Liability Coverage:*** This insurance coverage will be triggered for bodily injury or property damage claims.

***Litigated Claims:*** Claims that have occurred where the claimant has filed a lawsuit to resolve the claim.

***Non-Litigated Claims:*** Claims that have occurred and are settled outside of the legal system.

***Operating Department:*** An Oakland University department responsible for the payment of the deductible, retention, or claim.

## **PROCEDURES:**

### **Claims - General**

All claims and incidents that could give rise to a claim must be reported to the Risk Management Department within 24 hours of occurrence. This is most often accomplished via telephone, email, internal departmental report or an OUPD police report.

If a claim involves repair of property or autos, three estimates must be obtained on any claim of \$5,000 or more and submitted to the Risk Management Department for approval prior to proceeding with repairs. On any claim less than \$5,000 consult with the Risk Management Department. If authorization is not received, insurance coverage will not be triggered and the Operating Department will be held financially responsible for the repair.

Incidents involving loss of personal identifiable information, whether stored electronically or in a hard copy format, must be reported immediately to the Chief Information Officer and the Risk Management Department.

All insurance coverages have a deductible that may be charged back to an Operating Department. Deductibles will be set by the Risk Management Department taking into consideration the requirements of the insurance policies and previous claims experience.

Contact the Risk Management Department for current deductible information.

It is expected that anyone driving on University business will comply with all driving laws and regulations which apply in the state or country in which they are driving.

## **1. Claims – Auto**

This policy applies to all faculty, staff, students and volunteers who are authorized to drive a University owned, leased or rented vehicle. University employees, students, volunteers driving their own personal vehicles on University business must carry sufficient personal auto coverage. The University does not cover physical damage or loss to employees' vehicles; any claims must be filed directly with the employee's personal insurance policy.

- a. If a vehicle is owned, leased or rented by the University and is damaged while on campus, a police report must be filed with Oakland University Police Department. If the damage or loss occurs off campus a report should be made to the local police. The Risk Management Department should be informed of the accident within 24 hours. It is the responsibility of the individual involved in the accident to request a copy of the police report to be sent to the University's Risk Management Department. Please refer to [Risk Management](#) website.
- b. Three estimates must be obtained on any auto claim of \$5,000 or more and submitted to the Risk Management Department for approval prior to proceeding with repairs. If the claim is \$5,000 or more an independent adjuster will be assigned to the claim. On any claim less than \$5,000, consult with the Risk Management Department.
- c. Insurance policy Deductibles may change each policy year. Please contact the Risk Management Department for current deductible information.
- d. An Operating Department is required to pay for a claim in full and then submit proof of payment to the Risk Management Department, with the fund and account number for reimbursement of the claim. The total amount submitted will be reimbursed less the deductible amount.

## **2. Claims – Property**

Oakland University's property insurance covers only Oakland University owned property. If property (equipment, machinery, art work, valuables) is borrowed or on loan to the University, or if the University's property is sent off-site, arrangements should be made with the Risk Management Department to arrange coverage under the University's property insurance policy.

If property has been damaged or stolen a report must be made to the OUPD and to the Risk

Management Department as soon as possible. It is of the utmost importance to preserve any damaged items for evaluation. Pictures should be taken of the damage. The Risk Management Department, will determine if more than one quote will be required for repairs. No repairs should take place without approval. (See also [OU AP&P #360 Property Management](#)).

- a. If a claim is weather related or is due to a building defect, then the Risk Management Department may waive the deductible, otherwise, the Deductibles are payable by the Operating Department.
- b. Prior approval from the Risk Management Department is required for all items that are going to be repaired or replaced due to the claim. Please contact the Risk Management Department for claims handling procedures and payment methods. These may vary depending on the size, type and complexity of the claim and will be determined by the Risk Management Department.

### **3. Claims – Liability**

If an individual has not filed a lawsuit against the University, but feels that they have a claim, the Risk Management Department should be contacted to resolve the issue. If a lawsuit has been filed the Office of Legal Affairs should be contacted directly.

### **4. Claims – Cyber**

Any theft of or tampering with hardware, software or stored data including on laptops, desktops, electronic storage devices or servers must be reported immediately to the Chief Information Officer and the Risk Management Department. (See also [OU AP&P #860 Information Security](#)).

In cases where the department violated University policies regarding data security and storage and the Risk Management Department determines that it is a covered claim under our insurance coverage, a \$10,000 deductible will be assessed to the Operating Department for the claim. If the loss of data did not violate University policies or procedures and it is a covered claim, the deductible will be waived.

### **5. Premium, Deductible and Retention Allocations**

The Risk Management Department is charged with selecting and purchasing all University insurance. Premium, retention and deductible charges will be allocated annually to the operating funds. Allocations of premiums, Deductibles and retentions will typically be completed by the 2nd quarter of the fiscal year, once all billing has been received from the commercial insurers.

### **6. Year End Release of Funds**

If the University has favorable claims experience during the fiscal year, it may reimburse operating funds for General Liability and Errors & Omissions.

## **7. Dividends**

Dividends received from insurance carriers are retained by the Risk Management Department and may be used to fund unfunded Deductibles, retentions or uninsured claims, loss control and life safety projects on campus.

## **8. Carpooling**

The University discourages the organization or use of car pools when engaged in any University activity. The University does not review, nor is responsible for checking the auto insurance limits and policies of our faculty, staff, students or volunteers.

## **9. Personal Vehicles**

Oakland University reimburses a mileage rate to employees who use their own vehicles on University business. The reimbursement rate is intended to reimburse for expenses including mileage, wear and tear, insurance and fuel. The University does not insure, repair or reimburse Deductibles for employee vehicles damaged while on University business. Also, see [OU AP&P #1200 Travel Expense Reimbursement](#) Section 5.02.

## **10. Foreign Travel**

The University provides liability insurance coverage for faculty, staff and students who are traveling overseas either on an Oakland University work-related trip or as part of a study abroad class or program.

Please contact the Risk Management Department for current information or visit the [Risk Management](#) website.

The breadth of coverage will depend upon the policy in effect for the current fiscal year.

If you pre-register with the Risk Management Department's website, 30-days prior to a trip, the eligible traveler may qualify for free coverage, see the [Risk Management Department](#) website, or call the Risk Management Department. Travel restrictions may exist for certain countries which may limit coverage, check with the Risk Management Department for further information.

### **Eligible Travelers**

- An Oakland University faculty or staff member who is going overseas to conduct research, attend a conference or conduct a class overseas, or lead Oakland University students in an approved study abroad class or program.
- A registered student at Oakland University participating in a faculty led or approved academic study abroad class or program as part of the Oakland University educational experience.

- Oakland University staff on University business in a foreign country.

If participating in higher risk activities, a waiver of liability may be required.

While the University has auto insurance coverage for vehicles rented in the United States, it does not have coverage for vehicles rented or leased in foreign countries. Local insurance should be purchased at the time of rental. Most countries have a fine or jail penalty if you do not purchase local insurance.

## 11. Charter Buses

When renting buses the following standards are required:

- SafeStat score of less than 75 in each category and a “Satisfactory” safety rating
- \$5 million in Auto Liability coverage.
- List Oakland University & Board of Trustees as additional insureds.

SafeStat scores can be found on the following website for [Passenger Carrier Safety](#). To see charter bus companies which have been reviewed and approved by the Risk Management Department please go to the [Risk Management](#) web-site, section Buses & Vans.

## 12. University Driver Approval

Anyone driving a University owned, leased or rented vehicle must be pre-approved by Risk Management. Drivers’ records that show consistent violations and yet do not exceed the standards established may still have authorization denied. The Risk Management Department may in its discretion, grant or deny authorization to drive. Each year the Risk Management Department will review the driving records of the University’s authorized drivers. Employees driving University leased, owned or rented vehicles must notify their supervisor within 7 business days if any of the following occur:

- Driver license suspension
- Driver license revocation
- Driver license cancellation
- Driver license lost privileges or disqualification

An employee, student or volunteer who has a valid driver’s license from another state may be requested to submit a certified copy of their driving record, obtained from the respective State’s Motor Vehicle Department. The expense of securing an out-of- state driving record is the individual’s responsibility. **Minimum Eligibility Standards:** All drivers must

- Be at least 18 years of age to drive a car
- Be at least 21 years of age to drive a 15-passenger van
- Have at least one year of licensed U.S. driving experience
- Have a current and valid driver's license
- Meet the standards for approval (tickets and citations)

**Standards:** Authorization to drive University owned, leased or rented vehicles will not be granted to any employee, graduate assistant, student employee, non-employee having:

- More than 2 tickets within the most recent 12 month period and no more than 2 General Violations in the past 3 years.
- A ticket that exceeds 3 points
- A driving record showing more than 5 points for 2 tickets in the last 24 months.
- Having a conviction of impaired driving in the past 5 years.
- Capital or Major Violations.

General Violations means violations or infractions recorded on a driving record that have no points attached to them. **General Safety Procedures:** It is the driver's responsibility to familiarize themselves with the University's policies, rules and regulations and to operate the vehicle in a safe and responsible manner. The following are general safety procedures, which must be followed when using University vehicles or personal vehicles on University business. These are not all-inclusive and should not be construed as such.

- Drivers are required to fully abide by local, state and federal vehicle regulations
- Drivers must possess a valid driver's license to operate vehicles
- A driver's license must be in the possession of the driver at all times when operating vehicles
- The driver's license must be of the appropriate class governing the vehicle being operated
- All drivers and passengers must wear properly fastened safety belts
- The University has a zero tolerance for the use of alcohol and/or illegal drugs or substances.

### **13. Fifteen-Passenger Vans**

Rental of 15-passenger vans is no longer permitted by the University. Any exceptions to this policy must be handled through Risk Management Department. Any 15-passenger vans currently owned by the University must limit the number of passengers to a maximum of 9; the drivers must be at least 21 years of age and have completed the National Safety Council approved Van Driver Training Course.

### **14. Certificates of Insurance**

All University contracts have a proof of insurance requirement, and it is the responsibility of the contract administrator in the Operating Department to ensure that a valid copy of a Certificate of Insurance is requested and on file with the contract. Contractual insurance requirements can be changed or waived only by the Risk Management Department.

### **RELATED POLICIES AND FORMS:**

[OU AP&P #360 Property Management](#)

[OU AP&P #860 Information Security](#)

[OU AP&P #1200 Travel](#)

[Form: Driving Record Affidavit](#)

### **APPENDIX:**