

# Coastal Carolina University Office of Risk Management

## Risk Management Guidelines

The Risk Management Guidelines are intended to provide basic information for Coastal Carolina University employees concerning property and liability insurance, bonding, and proper claims handling procedures.

The Office of Risk Management is available to answer any employee questions concerning these guidelines or any other matter concerning insurance. The office telephone number is 843-349-2955.

Office of Risk Management, Coastal Carolina University, Foundation Center, Suite 105A, 2431 Highway 501 East, Conway, South Carolina 29526.

Note: This is a basic review of insurance coverage, it is not all inclusive. If you have specific questions, please contact the Office of Risk Management at 843-349-2955.

## **RISK MANAGEMENT POLICY STATEMENT**

The goal of Risk Management is to coordinate efforts with all departments on and off campus to ensure the protection and preservation of Coastal Carolina University's human, physical and financial assets.

This goal is accomplished by identifying potential human, physical, financial and natural losses and evaluating the best method for handling the risk whether it is risk avoidance, prevention, assumption or transfer.

## PROPERTY-LIABILITY INSURANCE AND BONDING

### A. Introduction

1. The Office of Risk Management is responsible for administering the property and liability insurance and surety bond programs for the University. In this capacity this office acts like an insurance agency for the University by soliciting quotations for property, liability, and/or surety coverage desired by the University and processing all claims excluding workers' compensation. In addition, this office invoices the various departments for their respective pro rata share of the total premiums.

2. The major insurance policies are: Building and Personal Property for on-campus buildings and equipment; off-campus buildings and those undergoing major renovation; business interruption protection; inland marine floaters providing all physical risk damage coverage for mobile equipment; data processing equipment; fine arts; automobile fleet coverage for the vehicles; physical damage and liability coverage for University watercraft; liability coverage for all University employees; medical employee professional liability; commercial crime insurance; and Directors and Officers Liability Insurance.

### B. Policies

1. The responsibility for the procurement of property and liability insurance, and surety bonds is assigned to the Director of Risk Management. Insurance policies are purchased through the South Carolina Budget and Control Board, Office of Insurance Reserve Fund as required by South Carolina law. Policies not available from the Insurance Reserve Fund are obtained by competitive bid.

### C. Operating Procedures

1. Purpose of Manual: The purpose of this section is to provide a convenient reference and a basic guide for the departments as to the types of property and liability insurance and bonds carried by Coastal Carolina University and to familiarize personnel with the correct procedures for requesting insurance and filing claims.

2. Request for Insurance or Filing a Claim: Whether a department has need for property or liability insurance, is seeking bond coverage or filing a claim against an existing policy, the department head should call 849-349-2955 or forward a memorandum directly to the Director of Risk Management, detailing the department's insurance requirements or giving details of the claim. In the event a claim or suit is brought against the University, the department head should immediately forward every demand, notice, summons, or other process received to the Director of Risk Management, Office of Risk Management, FCCP 105A.

3. Specific Coverage: Each of the University's major property and liability insurance policies and bonds will be briefly described in the following sections. Questions or comments relating to these coverage's should be directed to the Office of Risk Management.

a. Building and Personal Property

- 1) The Building and Personal Property policy written through the State's Insurance Reserve Fund protects University buildings and their contents against the direct physical loss of, or damage to, covered buildings and contents resulting from any covered cause of loss.
- 2) All University buildings subject to damage from these perils and of a value warranting the cost of insurance will be insured at replacement value. All inventory items in excess of \$1,000 are insured under the contents portion of the policy. It should be noted that personal property belonging to any individual, employed or otherwise, should be insured by the owner. University departments are billed for their pro rata share of the premium annually.
- 3) Reporting of Loss or Damage:  
The Office of Risk Management, must be notified by telephone (843-349-2955) within twenty-four hours of any loss or damage and confirm this verbal communication, within five working days by completing the University's Building and Personal Property Loss Form, CL-02 (1/06) located at [www.coastal.edu/forms](http://www.coastal.edu/forms).
- 4) Annual Review of Building Valuations:  
Present procedures provide an annual review of Coastal Carolina University buildings by the Office of Risk Management and the Insurance Reserve Fund to re-evaluate the desirability of insuring each building and reassessing valuation. This action takes place in the month of April preparatory to the re-issuance of the policy on July 1. Replacement values on buildings are determined by the South Carolina Property Appraisal office. Buildings are insured for 80% replacement cost for compliance with the coinsurance clause of the property policy.
- 5) Departments are responsible for maintaining an inventory list of all items over \$500. Proof of insurance may be required on these items in the event of a loss.

b. Builder's Risk

- 1) This policy is written through the State's Insurance Reserve Fund, and its protection is identical to that provided by the Building and Personal Property Policy. Coverage is provided only during the construction period and should be made effective at the time the first construction materials are delivered to the site.
- 2) A request for Builder's Risk Insurance should be in application form, CCU31001 (06/27/07). This form is available from the Office of Risk Management and should

give the following information:

- a) Cost of building or renovation
- b) Building name and number
- c) Building location
- d) Effective date
- e) Approximate date of completion
- f) Name and Address of architect
- g) Name and address of contractor
- h) Detailed description
  - i) Number of stories and rooms
  - ii) Type of building construction
  - iii) Type of roof construction
  - iv) Type of floor construction
  - v) Square footage of building

c. Business Interruption

In addition to the direct damage incurred from fire and related perils, it is also necessary to be concerned with the consequential results of the damage, such as the loss of use, of rental income from facilities until they can be repaired or replaced.

d. Inland Marine Insurance

- 1) The basic contract for all inland marine floaters is the scheduled property floater policy. It provides direct physical damage protection to the scheduled property wherever it may be located, subject always to the territorial limits of the contract. The only risks not included are those specifically named in the listed exclusions of the policy.
- 2) The University currently uses this type of contract to insure the band instruments; fine arts; grounds equipment and other moveable equipment.

e. Comprehensive Automobile Liability Insurance

The University's fleet of vehicles is covered by a Comprehensive Automobile Liability Policy which contains essentially three parts:

1. Bodily injury and property damage liability;
2. Medical payments; and
3. Protection against uninsured motorists.

All of the University's vehicles licensed for road use carry bodily injury and property damage liability insurance.

1) Bodily Injury and Property Damage Liability

- a) The basic promise of the insurance company in the liability portion of

the fleet policy is to pay on behalf of the University for liability losses for both injury to other persons, including death, and damage to the property of the other persons arising out of the ownership or use of vehicles covered in this policy. "Gratuitous payments are not a part of liability coverage; a legal responsibility must exist before the insurer will pay the injured party under the provisions of the contract." Also, the driver, whether an employee or a permissive user, of a University vehicle is protected against claims for loss, damage or injury to third parties insofar as he or she is acting as an agent for the University while on University business. In addition to the stated limits of liability of this policy, the insurer is obligated to defend the insured and make certain other supplementary payments, for example, the cost of investigation and the cost of defense.

- b) The University's comprehensive automobile liability policy provides only excess liability protection for non-owned and hired automobiles. This is excess insurance over any other valid insurance carried by the employee on his or her own vehicle or by the rental agency on its vehicles. Primary liability coverage is not provided under this policy to the employee while driving his or her own vehicle on university business. When vehicles are rented or hired for short periods, excess liability coverage and physical damage insurance is included in the University's fleet policy.

## 2) Medical Payments

- a) Under the fleet policy, medical payments coverage applies for expenses for necessary medical expenses and funeral services to or for a non-employee who sustains bodily injury caused by an accident. The coverage pays for only those expenses incurred within three years from the date of the accident. Technically, this is not liability insurance since it pays promptly without having to establish legal liability. However, if an employee of the University is injured while driving or riding in a University vehicle while on University business, he or she is covered under Workers' Compensation Insurance and not under the Medical Payments section of the fleet policy.
- b) It should also be pointed out that "Payments made under the Medical Payments coverage do not prevent the injured person from later deciding that he or she is entitled to further payment on the basis of liability. He or she must then, of course, prove the legal liability of the insured."

## 3) Physical Damage

- a) There are several types of physical damage coverage, but they are all

involved in protecting the owner's vehicle. The coverage ranges from "collision" with another object, except animals or birds, and "all risk" physical damage protection to more limited coverage for specific perils such as fire, lightning, theft, etc.

- b) This coverage should not be confused with property damage liability, which is the damage to the property of third parties for which the University may be held legally liable.
- c) While only a limited number of University vehicles are insured against comprehensive and collision, this type of loss is a good illustration of the concept of "subrogation". For example, if the University collects for damages (less the deductible) from an insurance company for one of the University vehicles, then our insurer may take over the rights to sue the responsible party and recover the payment made to the University. Whether or not the insurance company would actually bring suit depends on many factors, including the accident facts, the amount of the loss, etc.

#### 4) Uninsured Motorists

Uninsured motorist coverage protects the occupants of a University vehicle from bodily injury and the vehicle itself from property damage caused by a negligent, but uninsured, or hit-and-run driver. Our insurance company would pay for losses up to the limits specified in the financial responsibility law of South Carolina.

#### 5) Annual Review of Motor Vehicle Insurance

Present procedures provide for an annual review of Coastal Carolina University vehicles by Transportation Services in verifying the accuracy of data on vehicles insured.

#### 6) Motor Vehicle Accident Reports and Claims Procedures

- a) When an accident occurs, the driver of a University vehicle shall notify the police immediately. If the accident occurs on campus, the Coastal Carolina University Department of Public Safety should be notified. If the accident occurs off campus, the driver should contact the city police, county police or highway patrol.
- b) Individuals involved in an accident should not admit responsibility.

- c) The University's Motor Vehicle Accident Report Form, [CCU41001 \(02/01/08\)](#) is kept in the glove compartment of each vehicle. If the driver is able, he or she should complete this form at the time of the accident, being particularly accurate about the name and address of the owner and driver of the other vehicle, his or her insurance agent and insurance company, and any witnesses.
- d) The Office of Risk Management should be notified of any accident resulting in bodily injury or major property damage by telephone as soon as possible at 843-349-2955 during office hours. At any other time call the Department of Public Safety at 843-349-2911.
- e) Immediately upon return to work, the University driver should complete the Motor Vehicle Accident Report Form and forward to the Office of Risk Management within twenty four (24) hours.
- f) The driver of a University vehicle involved in an accident in South Carolina resulting in bodily injury or death or in which total property damage exceeds \$1,000 is responsible for forwarding the FR10 (Financial Responsibility Form) to the Office of Risk Management. The Office of Risk Management will complete the required insurance information and forward to the South Carolina Public Safety Department. Failure to comply with this State regulation may result in suspension or revocation of the individual's driver's license. If the accident occurs in another state, the driver should comply with the applicable regulations. The Office of Risk Management will provide assistance in completing any required forms.
- g) As soon as the Office of Risk Management receives an accident report, a preliminary evaluation is made to determine which party is at fault. In the cases where it appears that the University driver is either responsible or responsibility cannot be easily determined, our insurance adjuster is notified and provided a copy of the University's accident report and any other related information. In some cases, the Office of Risk Management will contact the other party to obtain two repair estimates and mail them to our adjuster. Normally, a representative of our insurance company will settle the claim and forward verification to the Office of Risk Management, for filing.

- h) If the other party is at fault, the Office of Risk Management should get two repair estimates for the University's vehicle and forward them to the insurance company or adjuster representing the other party. The Office of Risk Management will follow through with representatives of the other party until final settlement is made.

f. Watercraft Insurance

- 1) Watercraft liability and physical damage may be carried on departmental watercraft by forwarding a full description and value of the equipment to the Office of Risk Management.
- 2) The University's watercraft policy provides all-risk physical damage coverage (subject to a few standard exclusions) for the University's boat, motors and trailers. The liability for injury to others persons or damage to their boat or other property is covered under the Tort Liability Policy issued by the State Budget and Control Board, Office of Insurance Reserve Fund. The bodily injury and property damage liability limits are combined into one single limit (see Tort Liability).

g. Tort Liability

- 1) Tort Liability insurance has been secured by the University for the benefit and protection of the Board of Trustees, Faculty, Staff, and Student Employees who may be legally liable to third parties who are injured or killed as a result of actual or alleged negligence of the insured while acting in the scope of his or her official duties. Coverage will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of personal injury or property damage subject to the policy limit of liability, exclusions and conditions.
- 2) The Office of Risk Management should be notified immediately by telephone 843-349-2955 of the receipt of any legal notice, summons, or subpoena alleging that a University employee, while in the performance of duties of their employment, caused bodily injury, property damage, or personal injury to a third party.

h. Medical Employee Professional Liability

- 1) The University provides coverage for medical employees while acting within the scope of their duties, against professional medical liability through a policy insured through the South Carolina Budget and Control Board, Office of Insurance Reserve.

- 2) This policy will pay on behalf of the insured damages which the insured is legally obligated to pay which arise from the rendering or failure to render professional services.

i. Crime Insurance

Crime insurance, or as it is sometimes called, dishonesty insurance, pays an owner for the loss of his property due to its wrongful taking by someone else. Criminals taking property (including money) are either members of the public or employees. Crimes against property, except those committed by employees, are included in what the insurance business calls burglary - theft insurance. Employee dishonesty, on the other hand, is the basis of the fidelity bond business, an important part of suretyship.

1) Comprehensive Crime Insurance

- a) This contract, better known as the Commercial Crime Policy, was developed to provide the broadest possible crime protection by combining burglary and fidelity coverage in a single contract.
- b) Coastal Carolina University's Commercial Crime Policy protects against forgery or alteration; theft disappearance and destruction; public employee dishonesty; faithful performance of duty; and computer fraud.

j. Workers' Compensation

State employees of Coastal Carolina University are protected under the South Carolina Workers' Compensation Law in the event that physical injury or occupational illness arises out of and while in the course of performing official University duties. For additional information regarding workers' compensation go to [www.coastal.edu/hreo/workplace/benefits](http://www.coastal.edu/hreo/workplace/benefits) .