

RISK MANAGEMENT
AT
WESTERN KENTUCKY UNIVERSITY

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INTRODUCTION

In order to discuss risk management, we must first define risk. Risk can be broken down into various types of risk, but the one we are interested in is what is called "pure risk". Pure risk is defined as an event or situation that has a "chance for loss." Risk management is the formal process of assessing exposure to risk and financial loss and taking the necessary action to minimize risk. There are many different ways to assess risk. One example of an assessment method is called "Risk Mapping". An explanation of Risk Mapping is available on the Risk Management webpage. One of the components of the Risk Management Process is Risk Financing. As part of Risk Financing, it is decided whether to "retain" the risk or "transfer" the risk. One method of transferring the risk is by using insurance. One of the functions of Risk Management at WKU is the coordination of insurance purchasing and filing claims related to that insurance. The discussion included here will be focused on informing you of what insurance we have in effect and what the procedures are for filing claims under those policies.

We will also discuss some miscellaneous items of interest.

INSURANCE POLICIES

There are several insurance policies that cover different exposures at the University. Some of those policies are purchased through the state Department of Insurance in Frankfort. These purchases are made through the Department of Insurance as a matter of convenience or because it is required by Kentucky Statute. Other policies are purchased by the University through the University Purchasing Department. If any insurance is to be purchased it should be coordinated through the Office of Risk Management and the Purchasing Department. The University has an exclusive contract with Neace Lukens Insurance to represent the University as our insurance broker.

BUILDINGS

By state statute, all state owned buildings are required to be insured under the State Fire and Tornado Fund. This is a state self-insured fund. The Department of Insurance does an appraisal of the buildings periodically. If we add a new building, Donna Mefford in Inventory Control assigns a building number to that building and a building addition form is completed either by Facilities Management or with their assistance. This insurance is maintained on a "Replacement Cost" basis.

EQUIPMENT

BUILDING CONTENTS (Excluding Computers)

As equipment with a cost of over \$1,000.00 is purchased Donna Mefford "tags" the item. The item is added to a computer listing created by Inventory Control that includes the building location. Approximately 2 times a year a revised value of this equipment is sent to State Risk and Insurance Services. This equipment is insured under the State Fire and Tornado Fund with a \$500.00 deductible. This coverage is only effective while the equipment is in the building in which it is listed. The coverage is actual cash value. ACV basically means depreciated replacement cost.

COMPUTERS

Computers are "tagged" in the same way as other equipment. The contents coverage specifically excludes computers. They are insured for "all-risk" under the State Fire and Tornado Fund under the computer policy or in the case of laptops under the Inland Marine policy. There is a \$1,000.00 deductible for desk tops and a \$1,000.00 deductible for stolen laptops. If the cause of loss is other than theft the laptop deductible is \$250.00. A revised listing of computers is sent to Frankfort quarterly. Computers are insured for replacement cost.

INLAND MARINE

Equipment that is mobile can be insured under an Inland Marine policy. Any equipment insured under this policy must be specifically listed. In the Inventory Control System there are insurance codes for the various categories of coverage under this policy. If you have equipment that is not stationed in one location you need to be sure the equipment has the proper insurance code. These items are insured for actual cash value with the exception of fine arts (stated value) and Laptops (replacement cost). There is a \$250.00 deductible, other than Laptops; see computers above.

INSURANCE CODES

The insurance codes are listed in the following table. If you have any question as to which code to use do not hesitate to contact the Risk Management Office or the Inventory Control Office.

Insurance Code	Description
00	Building Contents
01	Inland Marine – Office Equipment
02	Inland Marine – Fine Arts
03	Inland Marine – Cameras/Related Equipment
04	Inland Marine – Musical Equipment
05	Inland Marine – Contractors/Farm Equipment
06	Inland Marine – Radio/Communications Equipment
07	Inland Marine – Scientific/Medical Equipment
08	Computers (Other than Laptops)
09	Inland Marine – Miscellaneous
10	Inland Marine – Laptop Computers
50	Vehicles and Accessories
70	Boats and Accessories

VEHICLES

UNIVERSITY OWNED OR LEASED VEHICLES

All vehicles owned or leased by the University have at least liability and uninsured motorist coverage. We also carry collision and comprehensive coverage on new and leased vehicles. The deductible for collision is \$250.00; and \$0 for comprehensive.

DEPARTMENT OF TRANSPORTATION (DOT) VEHICLES

Some departments make arrangements to obtain a vehicle from the Department of Transportation. The Department of Transportation only carries \$300,000 of liability insurance on their vehicles. We purchase additional liability insurance to bring the total to an amount equal to what we carry on our owned vehicles. Any collision or comprehensive insurance carried is a DOT decision and responsibility.

RENTAL VEHICLES

WKU's insurance policy covers rental vehicles for liability claims of \$1,000,000 and physical damage claims up to \$50,000. A certificate of insurance is available on the Risk Management web page or from the Risk Management office. This certificate can be used when renting a vehicle for WKU business, rather than buying the rental agency insurance. There is a \$100.00 deductible for collision and \$0 for comprehensive. In case of an accident the department is responsible for this deductible.

AUTHORIZED DRIVERS

Anyone driving any of the above described vehicles must be on the University approved drivers list. The full policy and form to be added to the approved drivers list can be found on the Risk Management webpage.

GENERAL LIABILITY

WKU, being a state institution, does not maintain general liability insurance and is generally provided with sovereign immunity from claims of personal injury caused by the negligence of the University, its agents, officers, or employees. However, the Kentucky legislature has enacted a series of statutes that act as a partial waiver of the University's immunity from suit. Persons with claims against the University (or any of its programs of operations) are not left without any recourse. They may file a claim for negligence against the University under the Board of Claims Act (KRS Chapter 44 et seq.), and their claim will be reviewed by a body authorized to decide those claims, the Board of Claims, sitting in Frankfort, Kentucky.

BOARD OF CLAIMS

The process to be followed if a claimant feels WKU was negligent and responsible for a loss is to obtain a claim form. The form is available from the Risk Management webpage or by calling the Risk Management Office (5-5326). Complete the form and mail it along with any supporting information to the Board of Claims. The Board of Claims will notify the claimant if additional information is needed and make a ruling as to the responsibility of WKU to make restitution.

SPECIAL EVENTS

On occasion, special events are required to have general liability insurance. For example, displays or events held at the Greenwood Mall are required to have liability insurance before being allowed to use the mall. WKU does purchase short term liability coverage for those events. The cost of the insurance is charged to the requesting Department. Anyone needing this insurance should contact the Office of Risk Management.

BUSINESS TRAVEL

WKU maintains a business travel accidental death and dismemberment policy which covers all employees. The maximum benefit per accident is \$100,000 per individual with an aggregate per accident limit of \$500,000.

STUDENT ACCIDENTAL DEATH & SPECIFIC LOSS

WKU maintains an accidental death and specific loss policy which covers all WKU students while participating in non-athletic activities and field trips sponsored by the University. The principal sum is \$10,000. This is payable for accidental loss of life or dismemberment. This policy also includes \$5,000 of medical coverage for accidents. This medical coverage is secondary to any other medical insurance that is available to the student.

CLAIMS

BUILDINGS

Any claims for building damage from any source should be reported by telephone or email to the WKU Police Department, Facilities Management and to Risk Management.

EQUIPMENT

Any equipment stolen should be reported to the WKU Police immediately after the discovery of the loss. A Report of Property Loss form should be completed. See Property Insurance Claims on the Risk Management webpage for a link to the form and more information. A copy of the police report and detailed information concerning the replacement cost of the equipment should be sent to the Risk Management Office. The replacement cost information should include a complete description of the replacement equipment along with the vendor furnishing the replacement cost. The reporting department needs to provide the inventory number, if it is not on the police report.

VEHICLES

If you are involved in an accident while driving a WKU owned, leased or rented vehicle, you should first contact the police department in the jurisdiction of the accident. Secondly, you should complete the "On-site Accident Form" and follow the directions provided on that report. This report should be maintained and available in any WKU vehicle. If there are any injuries, you should report the accident to the Office of Risk Management immediately, either by hand carrying the on-site report to the Office of Risk Management or by faxing the report along with a telephone confirmation. After getting the official police report you should complete the "Vehicle Accident Report" and submit that report to the Office of Risk Management. If the vehicle has full coverage, you should obtain two estimates and submit those to the Office of Risk Management. In the Commonwealth of Kentucky it takes a number of days before the official police report is available. There is a link to both WKU Accident forms on the Risk Management webpage under Vehicle Accident Reports.

BOARD OF CLAIMS

Anyone who feels that they have a claim against Western Kentucky University because of negligence on the part of the University can obtain a BOC form from the Office of Risk Management, either by phone or the link to the form at the Risk Management webpage, and file that form with the Board of Claims in Frankfort.

MISCELLANEOUS CLAIMS

For any claims under the Business Travel or Student Accidental Death & Specific Loss policies or any other miscellaneous claims please contact the Office of Risk Management for specific instructions.

MISCELLANEOUS ITEMS

RENTAL VEHICLE INFORMATION

If you are required to rent a vehicle for University business you should be sure that WKU appears somewhere in the name or address section of the rental agreement. Please be aware that this coverage is **only** for University related business trips for which you are going to be reimbursed for the expenses. The rental agency (in most cases) requires the vehicle to be rented in an individual's name, but you can have WKU on the second line.

There is rental insurance provided. See the vehicles section under insurance policies in the previous section of this booklet.

The steps listed below should be followed when renting a vehicle:

1. Before taking possession of the vehicle or signing any rental forms that state you are taking the vehicle without damage, completely inspect the vehicle (inside and out) noting any damages
2. Have the rental company's agent agree (on the rental forms) that damages did exist at the time you took control of the vehicle
3. Upon returning the vehicle, again inspect the vehicle noting any damages
4. Have the rental company's agent note that either no damages existed or that all damages present were there when you originally took possession of the vehicle
5. If there were damages sustained while the vehicle was in your possession, you will need to complete an accident report form that is located on the Risk Management web page.

FIELD TRIP INFORMATION

On any field trip sponsored by Western Kentucky University there should be a Release and Waiver of Liability form obtained from anyone participating. Some examples of suggested waiver forms are available at the Risk Management webpage. In addition to the waiver form you should obtain (at a minimum) the following information from the individuals on the trip:

- Medical Insurance Coverage - a copy of their insurance card
- Emergency telephone numbers and names of persons to be notified in case of an accident (more than one name and number would be advisable)
- Notations of any medical conditions of which someone would need to be aware, if the student is not able to communicate.

If you are traveling as a group a person who is not going on the trip should be present as the group leaves. That person should make a list of the persons actually getting on the bus (or van). That list should be maintained in the departmental office along with the above listed information as well as an itinerary of the trip.

If the trip is an international trip you need to contact the Study Abroad Advisor or Assistant Director in the Office of International Programs. They can also provide additional information concerning in-country trips.