

## **COLLEGES & UNIVERSITIES KEY ISSUES**

The Professional Practices Committee of the Society of Risk Management Consultants has prepared this draft document for delivery to the membership at our Memphis Conference, April 6, 2006. The Key Issue documents are designed for individuals with a sophisticated understanding of risk and insurance issues. The purpose of this list is to help identify unique exposures related to unique accounts.

More than ten members of the Society have contributed to this document. All members are invited to review the draft. We solicit your comments and suggestions.

The objective of this document is to provide a list of Key Issues related to institutions of higher education.

### **A. PROPERTY**

1. Historic buildings
2. Functional Replacement Cost valuation and Debris Removal decisions
3. Antiquities
4. Pre-loss arrangements and documentation of property with unique value.
5. Obligations under bond issue financed facilities
6. Property identification for complex facilities:
  - a. Electrical substations
  - b. Power lines
  - c. Wastewater systems
7. Pollution issues related to biological, chemical spills and petroleum spills/leakage.
8. Pollution issues related to property donations and wills.
9. Libraries
  - a. Valuation of books and materials (Bowker Library Annual for average values)
  - b. Cost of cataloging, processing and re-shelving (perhaps double cost of books);

- c. Valuation of rare books, documents, artifacts and antiquities
  - d. Fine Arts cover
  - e. Valuation of shelving and/or containers used to house books and materials
  - f. Address Proof of Loss issues regarding listing of damaged books and materials.
  - g. Address Preservation of Property clause to permit immediate freezing of water damaged library materials.
10. Custody issues for property not owned, but used or operated by the institution
11. Communications towers, outdoor lighting systems, outdoor seating, agricultural facilities, etc.
12. Research & Development
- a. Property interest through grants or joint ventures;
  - b. Interest of funding agencies or private parties in externally funded research;
13. Construction & Renovation:
- a. Owner Controlled Insurance Programs;
  - b. Insurance requirements for Disadvantaged Business Enterprises and Sole Proprietors;
14. Facility Maintenance
- a. Chart and cost of renovation/new construction for past five years;
  - b. Chart and cost of renovation/new construction for coming five years;
  - c. Current property inspection system;
15. Compliance with FEMA requirements related to flood risk.
16. Adequacy of DIC program
17. Alternative energy - property & machinery risk
18. Address value of intellectual property, i.e., R & D, formulas, pharmaceutical compounds, etc.
19. Address duplication and security of intellectual property.
20. Professional fees for auditors, accountants, architects and engineers to document and prepare proof of loss and other exhibits, plus assist institution with negotiations and settlement of claim for property and BI losses.

21. Address value of underground foundations and piping within insurable values and coverage.
22. Address professional appraisal to develop adequate facility values, i.e., Replacement; Functional Replacement, ACV, etc.

**B. BUSINESS INTERRUPTION**

1. Review the value of funds flowing into the system – and from various sources. Evaluate the impact of matching funds, grants based on external revenue, external contributions based on proprietary fund sources, revenue stream produced through research, etc.
2. Assume a Force Four tornado crosses the campus and leaves a trail of debris one third of a mile wide:
  - a. What facilities are available in the immediate vicinity to occupy for temporary operations, classrooms, R & D, etc?
  - b. Consider length of time required to restore major facilities both on and off campus.
3. Obligations for tenured faculty members;
4. Other salary continuation agreements;
5. Impact of agreements to provide student housing;
6. Impact on for-profit campus operations;
7. R & D as revenue sources;
8. R & D as major Extra Expense issue;
9. Contingent BI from external revenue sources;
10. Impact of loss to facilities providing health care intern programs;
11. Consider the main library as a lengthy recovery site;
12. Consider cost of refinancing bond debt called as a result of facility loss;

**C. CRIME**

1. College and university internal fraud losses are often like their sweat shirts. They come in Large, Extra Large, XX Large and XXX Large.
2. Consider trust funds, construction accounts, student loan programs, for-profit operations as part of public or non-profit institutions, R & D funds, grants programs,
3. Handling of money by students, alumni, volunteers, etc;
4. Address potential for theft of intellectual property, i.e., R & D, formulas, pharmaceutical compounds, etc.
5. Cash at special events;
6. EFTS;
7. Cost of forensic accountants and proof of loss;

**D. LIABILITY - OPERATIONS**

1. Volunteers and/or students involved in operations, vehicles use, etc.
2. Address immunity statutes to see if institution is required to indemnify volunteers;
3. Stadiums, auditoriums, bleachers, etc.
4. Day care centers for faculty & students;
5. Medical clinics operated for benefit of students/faculty/community;
6. Medical and allied health programs with faculty or students working as instructors, interns or residents;
7. Medical liability related to affiliation agreements with outside service providers;

8. Status of institution medical and allied health faculty & student personnel under affiliate entity self insured malpractice trust funds or private insurance programs;
9. Reference medical laboratory services;
10. Public laboratory services for state or local governments, i.e., rabies testing, epidemiology, forensics, veterinary medical laboratories, etc, plant disease testing, etc;
11. Counseling services;
12. Employee/student cover for malpractice;
13. Integration of malpractice for part time medical & allied health faculty
14. Security guards – contract;
15. Security guards – employed;
  - a. With arrest powers
  - b. Without arrest powers;
16. Security guard issues – Civil Rights violations;
17. Sponsored foreign faculty/student programs;
18. Sponsored foreign faculty/alumni programs;
19. Faculty/student foreign travel;
20. Faculty/alumni foreign travel;
21. Foreign liability – including students and volunteers. It may keep an alleged perpetrator from being left in a foreign country;
22. Kidnap/ransom related to foreign travel;
23. Domestic kidnap/ransom;
24. Contractual agreements with booster clubs, alumni associations, fraternal organizations and other affiliated entities acting on behalf of or representing the institution;

25. Sexual misconduct. Address exclusion for alleged perpetrator once proven guilty or confessed to guilt. If coverage for alleged perpetrator is excluded, claimant has little reason to settle. Insurer should have the right to settle, with client consent, if a fast, reasonable settlement will resolve the issue before a long public trial that may cost more in defense expenses than the cost of a settlement;
26. Institution responsibility for faculty or staff compensated by others;
27. Maintenance of bleachers, stadiums and arenas;
28. Maritime – i.e., owned, leased or chartered vessels, docks or piers, students & faculty aboard vessels operated by others, etc
29. Events or shows held in facilities;
30. Liability issues related to athletic events;
31. Liability related to injuries to athletic participants during practice for or participation in college athletic events or exhibition, and injuries caused by athletic trainers;
32. Criminal conduct involving athletic team members;
33. Pollution
  - a. As respects biology/chemistry/engineering and similar/related educational programs;
  - b. As respects grounds and facility maintenance, i.e., USTs, chemical storage, water treatment, transformers, etc.
  - c. As respects acquired property, property donations and wills.
34. School sponsored community service programs, i.e., (both premises and administrative liability):
  - a. Law student legal advocacy;
  - b. Medical services to targeted segments of public;
  - c. Accounting student tax assistance programs,
  - d. Engineering student construction projects,
  - e. Agriculture student seed testing, disease or production management programs,
  - f. Teacher education student outreach;
  - g. Nursery schools for disadvantaged community children;

**E. LIABILITY - ADMINISTRATIVE**

1. Status of accreditation of institution and various programs within the institution. Enormous potential for loss of revenue;
2. Administration and oversight over trust funds;
3. Administration and oversight over student loan and grants programs;
4. Administration and oversight of federal grants programs;
5. Administration and oversight of faculty tenure programs;
6. Administration and oversight of R & D programs;
7. Administration and oversight of medical product licensing and/or FDA approval process;
8. Administration and oversight of procedures to address criminal behavior by faculty, staff, students, or volunteers;
9. Enforcement of board member meeting attendance requirements;
10. Administration and oversight of school sponsored community service programs, i.e., (both premises and administrative liability):
  - a. Law student legal advocacy;
  - b. Medical services to targeted segments of public;
  - c. Accounting student tax assistance programs,
  - d. Engineering student construction projects,
  - e. Agriculture student seed testing, disease or production management programs,
  - f. Teacher education student outreach;
  - g. Nursery schools for disadvantaged community children;
11. Administration and oversight of broadcast and publication activities;
12. Administration and oversight of institution EDP systems;
13. Administration and oversight of contracts administration;
14. Administration and oversight of faculty and staff disciplinary boards;
15. Outside directorships;
16. Administration and oversight of health and retirement programs:

- a. Administration of ERISA vs. non ERISA plans
- b. Exposure to catastrophic loss from per person retention in self insured health plans, i.e., multiple injuries arising from a van or bus accident.
- c. Compliance with eligibility requirements in various plans.
- d. Separation of for-profit operations from public or non-profit plans.
- e. Administration and oversight of athlete participant medical insurance programs.
- f. Potential problems involving foreign athletes with catastrophic medical disease or injury.
- g. Administration and oversight of student health insurance plans.

17. Administration and oversight of volunteer programs;

18. Administration and oversight of facility maintenance program. (This is a big deal – other than for safety issues. Deferred maintenance can cause great harm to a college. The student flow is changed very quickly by exterior appearance. Their financial position can be materially changed as a result of major upgrades caused by deferring major building/mechanical systems for a few years.)

19. Are tort limits and immunities used in policy and decision making to reduce risk?

## **E. VEHICLES**

1. Address issues related to vehicles donated to institution by automobile dealers and outside supporters;
2. Are donated vehicles provided to institution or external/related entities, i.e., external athletic support organizations, etc.
3. Do students or volunteers operate owned vehicles?
4. Do students or volunteers use personal vehicles on behalf of the institution?
5. Busses and multi-passenger conveyances;
6. Address license requirements by type of vehicle;
7. Administration and oversight of vehicle access and operation;
8. Address staff & faculty travel and vehicle rental policies;



9. Unlicensed and/or self-propelled contractor's equipment
10. Do owned vehicle parking arrangements create a catastrophic exposure?
11. Does the institution have liability for damage to multiple vehicle loss at parking facilities provided to faculty, students and the public?
12. Evaluate controls over access to fuel pumps or fuel cards;
13. Assure fuel tank compliance with EPA operational requirements and placement of first and third party pollution liability coverage;
14. Provisions to control access to owned or leased vans hauling student athlete or other student groups;
15. Insurance requirements for bus operators transporting athletic teams;
16. Integration of bus operator exposure into institution excess;

**F. WORKERS' COMPENSATION**

1. Foreign travel by faculty & staff;
2. Status of volunteers under workers' compensation;
3. Status of student interns or residents under workers' compensation;
4. Status of student interns or residents under host facility workers' compensation;
5. Status of coverage for disease under both institution and host facility plan;
6. Status of R & D researchers working under programs funded by outside organizations as respects work place injuries;
7. What will an Ebola Virus outbreak among your staff do to your self insured workers compensation program?
8. Maritime - i.e., owned, leased or chartered vessels, docks or piers, students & faculty aboard vessels operated by others, etc

**G. AVIATION**

1. Aviation related degree programs;
2. Use of corporate aircraft not owned by the institution;
3. Use of aircraft owned or leased – in whole or in part – by the institution;
4. Use of aircraft to transport groups of students, athletic teams, faculty, alumni or volunteers;
5. Helicopter landing pads: