Risk Management – Insurance Review

Pam Lombardo
Director, EHS
Campus Risk Manager

Agenda
- How Doing Business Creates Risks to the Campus
- UC's Standard Insurance Requirements: the Vendor Matrix
- Exposure Determines Types and Limits of Coverage
- High, Moderate, & Low Risk Exposures
- New UC Vendor/Contractor Insurance Program
- Waiver of UC Insurance Requirements
Doing Business Creates Risks for the Campus

- When UC purchases goods and services from vendors it has exposure to the vendor's liability.
- Risk exposure is dependent upon the specific goods and services, not their cost.
- Exposure to risk arises from the possibility of loss and the probability of the severity of injuries or property damage if something goes wrong.
- UC requires its vendors to carry certain types and limits of insurance to cover these exposures.
- Insurance protects UC from the exposures created by its vendors; it is evidence that our vendors have the financial wherewithal to take responsibility for losses that they cause.

Insurance

UC's Standard Insurance Requirements

<table>
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<tr>
<th>Description</th>
<th>Required</th>
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</thead>
<tbody>
<tr>
<td>UC Policy</td>
<td>X</td>
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<tr>
<td>Property</td>
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<tr>
<td>General Liability</td>
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<td>UC employees</td>
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<td>Professional Liability</td>
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<td>Workers' Compensation</td>
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<td>Selected Liability Coverage</td>
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<td>Health Care Liability</td>
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Review the UC Vendor Insurance Matrix for standard requirements. [http://www.ucop.edu/ucophome/policies/bfu/bus63.htm](http://www.ucop.edu/ucophome/policies/bfu/bus63.htm)

Communicate UC's insurance requirements to the vendor at the time of selection.
Exposure determines types & limits of coverage

- For some Low Risk Services no insurance is required (1):
  - The likelihood of an accident is negligible
  - The likelihood of injury or damage is negligible
  - The likelihood of a lawsuit is negligible
  - No work performed more than 6'-0" off ground
  - No construction work, electrical or plumbing work
  - In general, does not occur in "public realm"

- For Moderate Risk Services the standard insurance requirements as described in the Vendor Matrix apply.

- For High Risk Services types and limits of insurance vary depending upon the specific nature of the goods or services and the exposures they create. Check with the campus Risk Management Office.

1) This may change – Bus 63 is under revision.

High, Moderate, & Low Risk Exposures

Understand what kinds of exposures the vendor's business will create.
New UC Vendor/Contractor Insurance Program

- If a small business, vendor/contractor, sole proprietorship, etc. does not have insurance, they can now apply for insurance coverage with the new UC Vendor/Contractor Insurance Program:
- General liability and professional liability coverage meets UC requirements.
- Cost is $500 for 12 months coverage on all UC projects.
- The program is intended for marginal operations. Any vendor/contractor doing business in a field where the exposures are significant will probably not be eligible for coverage under the program.
- This program does not cover Workers’ Compensation or Auto Ins.

Waiver of UC Insurance Requirements

- The preferred option is that vendors have insurance.
- If they do not have insurance they purchase it from the UC Vendor/Contractor Insurance Program.
- Waivers will only be granted under exceptional circumstances.
- Waiver must be signed off at the Control Point level.
- Waiver form should be submitted to the campus Risk Management Office at the same time the Request for Services packet is submitted to C&P.
- Bus 63 Revision – only OPRS will be able to grant waivers
Fact Sheet
Insurance Requirements for Goods & Services

When the University purchases good and services, it must obtain proof of insurance from its vendors. The limits of insurance that are required correspond to the risk exposure that is created by the business the University does with the vendor. This chart shows the insurance requirements, including coverage limits, that vendors must meet based on the types of goods and services that they provide. This Fact Sheet is designed to give a quick overview of the University's insurance requirements when it obtains goods and services from outside vendors; for specific coverage requirements consult with the campus risk management office (tel. (805) 893-2860; email: lea.murdoch@ehs.ucsb.edu) or view the UC's BUS-03 Vendor Insurance Matrix at http://www.ucop.edu/ucophome/policies/bfb/bus03.html.

<table>
<thead>
<tr>
<th>LOW RISK EXPOSURE</th>
<th>MODERATE RISK EXPOSURE</th>
<th>HIGH RISK EXPOSURE</th>
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<td>Goods &amp; Services</td>
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<td>General Liability Insurance</td>
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<td>Gen. Agg.</td>
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<td>Auto Liability Insurance</td>
<td>varies</td>
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<td>Workers' Comp.</td>
<td>statutory reqs.</td>
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<td>The Regents named additional insured</td>
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<th>SPEAKING ENGAGEMENTS</th>
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Speaking engagements by coaches and trainers (non-athletic), lecturers, facilitators, speakers, group leaders, team building trainers/facilitators, instructors that take place in a classroom or lecture hall setting MAY be exempt from UC insurance requirements. The following criteria must be met at a minimum:

- Primary activity speaking/listening.
- No professional training in the use of lifesaving or technical equipment.
- No physical activities or lab activities.
- No field trips or driving.
- On UC or specific leased or rented property.
- No controversial social or political issues.

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Insurance limits are based on UC's exposure to risk when it obtains goods and services from outside vendors. Insurance protects the University by reducing its exposure to the liability of vendors. Risk exposure is dependent upon the specific goods and services, not their cost. Exposure to risk arises from the possibility of loss and the probable severity of injuries or property damage if a loss occurs. Risk exposure assessment is based on experience, case law, common sense, and intuition.

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High:
- Moderate chance of loss; severe injuries and property damage could occur. Contact w/non-UC persons. Activities in public realm. Services to minors.

Moderate:
- Low to moderate chance of loss; moderate injuries or property damage could occur. Contact with non-UC persons. Activities in public realm.

Low:
- The likelihood of injury or damage is negligible. The likelihood of an accident does not occur if an accident occurs.
- No work performed more than 5-0’ off the ground.
- No field trips or driving.
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Professional services create a completely different category of high-risk exposures. The University requires businesses that provide professional services to perform professional liability insurance. Professional liability insurance is required to cover the performance of their professional duties. Professional liability insurance can also include coverage for exposures such as negligence of intellectual property rights, slander, libel, release of confidential personal or financial information, invasion of privacy, etc. See BUS-03 Vendor Insurance Matrix or contact UCSC Risk Management about required limits of professional liability insurance for specific professions.

<table>
<thead>
<tr>
<th>Fact Sheet: Insurance Requirements for Goods &amp; Services • rev. 07/11</th>
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Risk Management, UC Santa Barbara
http://www.riskmanagement.ucsb.edu

Note: When obtaining these types of services it is always a good idea to check with the campus risk management office about appropriate insurance coverage.