



SUFFOLK  
UNIVERSITY  
BOSTON



# Risk Management Insurance 101

Finance & Administration  
Manager's Forum  
March 5, 2019



# When to call Risk Management in the contract process

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- New contracts/agreements with a new “type” of vendor/ activity
- Before you start the process in Agiloft
  - Otherwise risk is the last stop before signature. Not the ideal time to reword the insurance section
- Contemplating a new program/ activity or event
  - We can help with a risk assessment of the program which will inform next steps



# Risk = Uncertainty

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- Risk assessment:
  - Identify the hazards
  - Decide who might be harmed and how
  - Evaluate the risks
  - Decide on control measures
- How is risk managed?
  - Avoidance > eliminate the exposure completely
  - Control > reduce chance or size of loss, or make the likelihood more certain.
  - **Transfer > via insurance or contractual language.**
  - Retention > decide to bear the risk at an acceptable level.



# Risk Management

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How is risk NOT managed?



# Certificates of Insurance (COI)

Who provides and when?

- Contracts

- University enters into agreements with contractors, service providers, or vendors, they must have insurance and will evidence with a COI

- Requests for Suffolk's Insurance

- Affiliation agreements
- When Suffolk rents other's space or equipment
- Auto rentals - occasionally
- How to get? Contact Tim Albers or Karen Kruppa and we will assist in getting this for you.

**ACORD CERTIFICATE OF LIABILITY INSURANCE**

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE PROVIDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement.

**ENDORSEMENTS:** [Blank]

**INSURED:** [Blank]

**INSURER:** [Blank]

**COVERAGE:** [Blank]

**CERTIFICATE NUMBER:** [Blank] **REVISION NUMBER:** [Blank]

**DESCRIPTION OF OPERATIONS, LOCATIONS, VEHICLES (Check ACORD 101, Additional Details Schedule, if more details are required)**

**CERTIFICATE HOLDER:** Suffolk University

**CANCELLATION:** SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

# Insurance Certificate (COI) 101

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- The Big Four
  - Commercial General Liability (CGL)
  - Excess/ Umbrella Liability Insurance
  - Business Auto
  - Workers Compensation/ Employers Liability



# Certificate of Liability Insurance

**ACORD** **CERTIFICATE OF LIABILITY INSURANCE** DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER: CONTACT NAME: PHONE (A/C, H, Ext): FAX (A/C, H, Ext): E-MAIL ADDRESS: INSURER(S) AFFORDING COVERAGE: NAIC #

INSURED: **Name of Vendor**

INSURER A: INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:

**COVERAGES** **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED IN EACH CLAIM.

INS LINE	TYPE OF INSURANCE	ADDITIONAL INSURED	POLICY NUMBER	POLICY EFF DATE (MM/DD/YYYY)	POLICY EXP DATE (MM/DD/YYYY)	LIMITS
1	GENERAL LIABILITY					EACH OCCURRENCE \$
	COMMERCIAL GENERAL LIABILITY					AGGREGATE (Per occurrence) \$
	CLAIMS-MADE	<input type="checkbox"/> OCCUR				AGGREGATE (Any one person) \$
	PERSONAL & ADVERTISING					AGGREGATE \$
GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROD. <input type="checkbox"/> LOC.						PRODUCTS - COMP/OP AGG. \$
2	AUTOMOBILE LIABILITY					COMBINED SINGLE LIMIT (Per accident) \$
	ANY AUTO	<input type="checkbox"/> SCHEDULED				BODILY INJURY (Per person) \$
	ALL OWNED AUTOS	<input type="checkbox"/> AUTOS				BODILY INJURY (Per accident) \$
	HIRED AUTOS	<input type="checkbox"/> NON-OWNED AUTOS				PROPERTY DAMAGE (Per accident) \$
3	UMBRELLA LIAB	<input type="checkbox"/> OCCUR				EACH OCCURRENCE \$
4	EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE				AGGREGATE \$
5	WORKERS COMPENSATION AND EMPLOYERS LIABILITY					EMPLOYEE \$
ANY PROPRIETOR PARTNER/EXECUTIVE OFFICER/OWNER EXCLUDED? (Mandatory in NY)						EL EACH ACCIDENT \$
DESCRIPTION OF OPERATIONS (Attach ACORD 101, Additional Remarks Schedule, if more space is required)						EL DISEASE - EA EMPLOYEE \$
						EL DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

**Required information such as additional insured, event date**

**CERTIFICATE HOLDER** **CANCELLATION**

**Suffolk University**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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# Commercial General Liability

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- There are three basic coverage areas that comprise a CGL policy
  - bodily injury and property damage (BI/PD)
  - personal and advertising injury
  - medical payments coverage.



# Commercial general liability (CGL)

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- Bodily injury/property damage provides coverage for the legal liability of insureds for bodily injury or property damage to others arising out of the insured's premises or business operations.
  - Property damage is defined as physical injury to tangible property, including all resulting loss of use of that property
  - Bodily injury is defined as “bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.” Death that results after a period of time from an earlier injury will be covered by the policy in effect at the time the injury was sustained.



# Commercial General Liability

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Personal and advertising injury liability protects an insured against liability arising out of certain offenses, such as:

- Libel
  - a written statement about someone that is personally injurious to that individual.
- Slander
  - a spoken statement that is injurious to an individual.
- Infringing on another's copyright
- Use of another's advertising idea



# Excess and Umbrella Policies

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Provide additional limits of coverage above the limits on the underlying policies.



- Policies have an “occurrence” limit. Depending on the policy, that may be \$1m, \$2m etc.
  - Occurrence limit – the maximum amount the insurer will pay for all claims resulting from a single **occurrence**, no matter how many people are injured, how much property is damaged, or how many different claimants may make claims.
  - An excess policy will attach at the occurrence limit and increase that underlying limit by a predetermined amount.
  - Example contract wording:
    - CGL \$1M/ Occurrence \$2M aggregate. \$5M excess. (So for any one occurrence under this contract, university is seeking \$6M in coverage on the general liability)



# Business Auto Policy

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- We ask for evidence when the contract/ agreement includes:
  - Vendors that approach or come in close proximity with our campus buildings, employees or other university assets.
  - Vendors that provide transportation services to our community under a written contract.



# Workers' Compensation/Employers Liability (WC/EL)

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- Workers' compensation provides coverage for employees that are injured while working, without regard to fault.
  - Designed to cover the costs of medical expenses such as treatments and medication, as well as partial wage loss.
- It's the only insurance policy that employers are legally required to carry. Though the laws differ depending on the state, most regulations apply when the business has a certain number of employees.
  - In Massachusetts, sole proprietors, partners, and LLC members are not required to carry coverage for themselves, but may elect to be covered under their policy.



# Other Types of Liability Insurance (not all inclusive)

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- Directors and Officers Insurance (D&O )
- Data Protection Liability Insurance (Cyber Insurance)
- Fiduciary Liability (FL)
- Errors and Omissions Insurance (E&O)
- Employer Practices Liability Insurance (EPL)
- Builder's Risk
- Environmental and Pollution Liability Insurance

\*Depending on the type of contract/ agreement we may require some of these other insurances



# What is additional insured status?

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- An endorsement on a liability insurance policy, to extend the reach of that insurance policy to others who may benefit from coverage.
- Why do we care?
  - Reduce the impact of the loss to the additional insured. Meaning that if a loss does occur due to the negligence of another party, the additional insured can avoid asserting the claim under its own policy, which is important particularly if it is not the party directly responsible for the claim.



# Why should we care about insurance?

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- Because the vendor's liabilities should never become the university's liabilities.
- The University should not be held accountable for damage caused by one of its vendors.
- Insurance indicates that the vendor has the financial resources available to protect those who may come to harm through their own negligence.



# No Insurance... now what?

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## Tenant User Liability Insurance Program (TULIP)

- Provides special event liability coverage.
- Used by institutions that permit "third parties" to use their facilities for specific events. It is designed for third party users who do not carry liability insurance and is offered at a low cost.
- Event-specific and can also cover vendors, performers and exhibitors, if needed. It protects both the institution user (the third party/vendor) and the institution against claims by third parties who may be injured or experience damage to property as a result of participating in an event.



# TULIP - How does it work?

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The process is simple!

- We will provide the third party user with a link and a code, The link will guide the third party through the process to purchase coverage via credit card. Upon completion of the transaction, both parties will receive a certificate/binder of coverage via e-mail.

For all events, the institution will be named as Additional Insured.



# Common Questions

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- What if the vendor doesn't have insurance?
  - We should **never** enter into a contract with a vendor that doesn't have insurance. Insurance is a standard business instrument, not a luxury. The cost of the insurance is typically built into the overall price that a vendor charges for their goods and services.
- Do all vendor "types" have insurance?
  - Most should but there can be exceptions
    - Our students
    - Agreements with ad-hoc musicians. Example: Jazz trio playing background music for a reception.
    - Always check with Risk Management if you are seeking to waive the insurance requirement.



# Common Questions (2)

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- What if the vendor says they will buy our required insurance and charge us for the premium?
  - No! This question comes up with surprising frequency. What the vendor is asking you to do is to pay their business expense for the year. Said another way, this is the same as asking you to pay their corporate electric bill for the year.
  - *Side note – a recent survey (2018) conducted of 50,000 small businesses (less than 10 employees) determined that 80% of those surveyed pay \$30 or less per month for general liability insurance.*
- What happens if the vendor says that they have to pay for a certificate of insurance?
  - There is no charge for a COI by the brokers for their clients. It is a standard form that should take the broker no more than 15 minutes to generate.



# Common Questions (3)

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- What happens if the vendor says that they have to pay for additional insured status?
  - It is somewhat uncommon for an additional insured endorsement to incur additional premium. In those situations, we would review the requirement.
- What if the certificate of insurance expires before the day of the event or commencement of services?
  - Mark the date of the expiration of the COI in your calendar as a reminder. Reach out to your contact and request an updated COI.
  - Be prepared for the vendor to tell you that it may take a couple of weeks to obtain the renewed certificate.



# Common Questions (4)

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- Is named insured and additional insured the same thing?
  - No, they are very different and neither party should be requesting named insured status from the other.
- My Vendor has a question about coverage? What do I do?
  - Call me, if it is a simple question I can give you the answer to pass along. If it is more involved, I can speak with the vendor's insurance broker.



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