

**INSURANCE & CLAIMS:
RISK MANAGEMENT AT
WESTERN KENTUCKY UNIVERSITY**

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INSURANCE & CLAIMS

WESTERN KENTUCKY UNIVERSITY

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." Risk Mapping is explained below. 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 the Tax Compliance and Insurance Department 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.

RISK MAPPING

Risk mapping is a technique used to help present identified risks and determine what actions should be taken toward those risks.

The possible severity of an occurrence would be charted on the X axis.

The possible frequency of an occurrence would be charted on the Y axis.

The possible occurrences would be plotted based on their relative relationship to each other.

If an airline corporation determines that flying into tornadoes always results in a plane crash, that occurrence would be placed in the upper right quadrant of the graph. This risk is both severe and definite, so it should be avoided, and the airline corporation would instruct their pilot to not fly into tornadoes. If a movie theater determines that chewing gum stuck to the bottom of a seat rarely results in lawsuits for damaged clothing, that occurrence would be placed in the lower left quadrant. The movie theater would take little action to prevent this occurrence and would not transfer the risk (buy insurance).

Most risks would fall somewhere between these examples. If the chance of the risk were slight or moderate in frequency and significant in severity, the organization would want to transfer that risk. Risks can be transferred by different methods. One way to transfer risk is to buy insurance. Another way would be to have someone else assume the risk by a waiver form with an indemnification clause. Sometimes a risk can be reduced by preventive actions, such as wearing safety glasses when using a weed eater.

INSURANCE POLICIES

There are several insurance policies that cover different exposures at the University. Some of those policies are purchased through the state Division of State Risk & Insurance Services in Frankfort. These purchases are made through the Division of State Risk & Insurance Services 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 the CFO and the Purchasing Department. The University has an exclusive contract with Houchens Insurance Group 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 Division of State Risk & Insurance Services does an appraisal of the buildings periodically. If we add a new building, WKU Inventory Control assigns a building number. The State Risk & Insurance Services Office requires a completed Real Properties and Insurance Request form (B117-FTR-10), found on the state web page, <https://finance.ky.gov/office-of-the-controller/division-of-state-risk-insurances-ervices/Documents/Real%20Properties%20and%20Insurance%20Request%20Form%20B117%20FTR10.pdf>. Either Planning Design and Construction or Facilities Management must complete this request form and submit it to the Office of the CFO. The coverage we purchased for buildings is "Replacement Cost" basis.

EQUIPMENT

BUILDING CONTENTS (Excluding Computers)

As equipment with a cost equal to or greater than \$2,000.00 is purchased, WKU Inventory Control "tags" the item. The item is added to a computer listing created by Inventory Control that includes the building location. Approximately

three times per year the Office of the CFO staff submits updated equipment lists to State Risk and Insurance Services. This equipment is insured under the State Fire and Tornado Fund with a \$10,000.00 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 & laptops are "tagged" and added to WKU inventory logs 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 \$10,000.00 deductible for computers (desktop and laptop) Approximately three times per year a complete listing of computers is sent to State Risk & Insurance Services. 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. Approximately three times per year a complete listing of inland marine equipment is sent to State Risk & Insurance Services.

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 \$10,000.00 deductible.

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 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 and comprehensive is \$500.00, plus \$250.00 internal charge.

DEPARTMENT OF TRANSPORTATION (DOT) VEHICLES

Some departments make arrangements to obtain a vehicle from the Department of Transportation. The Department of Transportation only carries \$350,000 of liability insurance on their vehicles. WKU purchased additional liability insurance to bring the total to \$1 million equal to what we carry on our University vehicles. Any collision or comprehensive insurance carried on these vehicles 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. The vehicle must be rented in the University name and for a University business purpose. The "Proof of Insurance-rental Vehicle" insurance certificate is available on the FINANCE & ADMINISTRATION-FORMS web page: https://www.wku.edu/strategyopfin/forms/documents/proof_insurance_coverage_2024_2025.pdf . This certificate can be

used when renting a vehicle for WKU business, rather than buying the rental agency insurance. There is a \$500.00 deductible for collision and comprehensive. In case of an accident the department is responsible for the deductible and any other non covered rental company charges (i.e. loss of use).

https://www.wku.edu/strategyopfin/travel/documents/wku_rental_car_contract_enterprise_national.pdf

AUTHORIZED DRIVERS

Anyone driving any of the above-described vehicles must be on the University approved drivers list. If renting a 15-passenger van, the driver must complete the training provided by Parking & Transportation Department, (5-2375). The full policy can be found on the FINANCE & ADMINISTRATION-FORMS web page:

<https://www.wku.edu/policies/docs/index.php?policy=159> .

The form to be added to the approved drivers list can be found on the FINANCE & ADMINISTRATION-FORMS web page under Insurance (Property & Vehicle); Drivers Release and Applicant information form.

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

Please refer all individuals to the Office of the CFO, (5-5859) who believe WKU was negligent and responsible for a loss incurred on our campus. The individual will be

provided the "Board of Claims" form to complete and submit to the state Board of Claims office. 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. If the Board of Claims rules in the claimants' favor, then the department involved in the claim is responsible for the lesser of the state declared award or \$5,000.

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 Tax Compliance & Insurance (5-5859).

DIRECTOR & OFFICERS / EMPLOYMENT PRACTICES LIABILITY - \$5 Million

Exclusions and Coverage

An insured person is defined as "any past, present or future member of the faculty, student teacher, teaching assistant, representative to an education association of which WKU is a member, and any president, chancellor, provost, treasurer, vice president, dean, personnel director, executive director, risk manager, university counsel or other comparable senior administrator of WKU, regardless of whether they are considered as an Employee of WKU or an independent contractor". The following are also insured persons: "any past, present or future director, officer, trustee, employee, volunteer, or any committee member of a duly constituted committee of WKU, solely **when acting in his or her capacity as such.**"

The coverage territory is world-wide. A covered claim would be an employment practice's wrongful act, as defined by the policy terms.

This policy EXCLUDES coverage for any of the following whether alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly:

A) Bodily injury, sickness, disease, or death of any person.

B) Damage to or destruction of any tangible property, including loss of use thereof.

More information on the Board of Claims can be found on their website:

https://kycc.ky.gov/Newstatic_info.aspx?static_id=160

Immunity

Individual employees of Western Kentucky University, in limited circumstances, may be found personally liable for their actions, regardless of whether that action was completed in the scope of their employment. Faculty and staff leading off-campus learning experiences should always exercise prudence and good judgment to avoid exposing students and other participants to undue risk when traveling regionally, nationally, or internationally.

The Kentucky Supreme Court's most recent and authoritative statement defined official or public employee immunity as "immunity from tort liability afforded to public officers and employees for acts performed in the exercise of their discretionary functions. It rests not on the status or title of the officer or employee, but on the function performed."

As a result, employees of Western Kentucky University enjoy qualified official immunity in certain situations.

Qualified official immunity only applies to the negligent performance by a public officer or employee of

- (1) discretionary acts or functions (i.e. those acts or functions that involve the exercise of discretion and judgment, or personal deliberation, decision and judgment),
- (2) made in good faith; and
- (3) which are within the scope of the employee's authority and job duties.

Note that the employee's act must not only be discretionary to be afforded qualified official immunity, but the discretionary act must also have been performed in good faith. Qualified official immunity will not apply if the employee knew or reasonably should have known that the action he/she took within his/her sphere of official responsibility would violate the constitutional rights of another, or if the employee took the action with the

malicious intention to cause a deprivation of constitutional rights or other injury.

Qualified official immunity will not apply to the negligent performance of ministerial acts. A ministerial act is defined as one that requires only obedience to the orders of others, or when the employee's duty is absolute, certain, and imperative, involving merely execution of a specific act arising from fixed and designated facts. If the employee performs a ministerial act in a negligent manner, the employee will not be protected by qualified official immunity.

Examples of discretionary acts include rulemaking and hiring employees. Examples of ministerial functions are following and enforcing rules or policies that have already been promulgated.

CRIME (\$2 MILLION)/FIDUCIARY (\$2.5 MILLION)/ EXCESS FIDUCIARY (\$500,000.00)

WKU's crime insurance is designed to protect the university from criminal activity. First-party coverage is for a loss to your business from criminal activity while third-party coverage protects your business from another business or entity claiming that your business carried out a criminal act.

Examples of a covered loss include:

- Employee dishonesty: The most common type of crime insurance loss involves a dishonest act by an employee, such as taking cash from the register.
- Forgery: An employee forges a manager's signature on a check for themselves.
- Illegal funds transfer: An employee creates a false vendor and transfers funds to a bank account associated with the fictitious business.
- Kidnapping, extortion, and ransom: A blackmailer threatens to reveal proprietary information.
- False money order or counterfeit schemes: A customer pays for an order with counterfeit money.

WKU Police will handle most on-campus incidents. WKU Police Department will bring in Bowling Green Police Department, as needed, depending on the type of crime. WKU Police can be reached at 270-745-2677 or via the website at:

<https://www.wku.edu/police/>

Cyber Insurance

WKU's cyber insurance is designed to help pay for any financial losses they may incur in the event of a cyberattack or data breach. It also helps them cover any costs related to the remediation process, such as paying for the investigation, crisis communication, legal services, and refunds to customers, and other interested parties of the University.

The incidents below are not considered IT security incidents and should be reported as follows:

- Incidents involving public safety should be reported to your local authorities and/or the WKU Police.
- Incidents of sexual harassment or assault should be reported to the Title IX Investigator.
- Spam should be forwarded (unaltered, with all headers) to spam@wku.edu.
- If your computer is infected with malware, please contact the ITS Service Desk.
- If your WKU computer or device has been lost, please contact the ITS Service Desk.
- If your WKU computer or device was stolen, please contact the WKU Police.

If the IT Security Incident that you would like to report includes one of the following, you should continue to the incident reporting form at <https://td.wku.edu/TDClient/34/Portal/Requests/ServiceDet?ID=146>

- Unintentional data loss - particularly when loss of sensitive data or personal information is suspected
- Suspected system breaches
- Denial of service attacks
- You responded to a phishing message (please also read Information for Victims)

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 Tax Compliance & Insurance (5-5859). The loss should be reported to the Office of the CFO – Tax Compliance & Insurance within **7 DAYS** of the event. A “Report of Property Loss” form must be completed and submitted to the Office of the CFO within **14 DAYS** of the event.

EQUIPMENT

Any equipment stolen should be reported to the WKU Police immediately after the discovery of the loss. A “Report of Property Loss” form must be completed and submitted to the Office of the CFO. A copy of the police report and detailed information concerning the replacement cost of the equipment should be sent to the Office of the CFO. 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

In case of an accident, our employee/driver should do the following:

Notify the local police authority

If there are injuries, notify the Office of the CFO- Tax Compliance & Insurance immediately at 270-745-5859. Voice mail is available after business hours. You should confirm that the message was received on the next business day at 8 AM.

If the injured person is an employee, notify the Workers Compensation Specialist in Human Resources (270-745-8841) as soon as possible.

Complete “Vehicle Accident Report” found on the FINANCE & ADMINISTRATION-FORMS web page:

https://www.wku.edu/strategyopfin/forms/documents/vehicleaccidentreport_05_2024.xls , within 24 hours of the accident

or upon your return to the campus. A copy of the "Vehicle Accident Report" form should be stored in vehicle glove box.

Our driver is responsible for obtaining a copy of the police/accident report and submitting the same to Office of the CFO, G21 Wetherby Admin Building. (note, most police stations will complete the report within a week to 10 days) The responsible department/division's budget will be assessed an amount equal to the University's deductible and an additional assessment of \$250.00 for any accident that **results** in payment by the University's insurance company, with the exceptions of uninsured motorist and glass breakage.

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 the CFO staff, (5-5859) for specific instructions.

MISCELLANEOUS ITEMS

RENTAL VEHICLE INFORMATION

If you are required to rent a vehicle for University business you should rent the vehicle in the name of WKU, or 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 sometimes 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 for WKU business travel. 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. You must be on the approved driver's list before renting a vehicle for WKUU business purposes (not personal use). You will find the application on the Finance & Administration - Forms page under Insurance (Property & Vehicle).
2. 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.
3. Have the rental company's agent agree (on the rental forms) that damage did exist at the time you took control of the vehicle.
4. Upon returning the vehicle, again inspect the vehicle noting any damage.
5. Have the rental company's agent note that either no damage existed or that all damages present were there when you originally took possession of the vehicle.

If there was damage sustained while the vehicle was in your possession, you will need to complete an accident report form that is located on the FINANCE & ADMINISTRATION-FORMS web page.

6.

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. Two examples of suggested waiver forms are available on the Finance & Administration-Forms web page.

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 people physically 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.

There may be some restrictions, requirements, or procedures that are required by Academics in addition to those detailed above. It is suggested that any academic field trip be reviewed by Academic Affairs.