

RISK MANAGEMENT & SAFETY

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WHAT WILL BE DISCUSSED

- Definitions / Terminology
- Types of Insurance
- Surety Insurance
- Certificate of Insurances
- RMS Review / Analysis
- “Other” Requirements
- RMS (Insurance) Website

Definitions / Terminology

What is a “*Loss*”?

- *Loss* refers to:
 - Harm to a person
 - Reduction of value to property

What is a Risk?

The Word ***Risk*** is used in a couple of different ways in the insurance industry:

Risk can be defined as an “Uncertainty of a loss.”

Risk can be used as a subject of insurance, like a person or property.

Risk can be used as a substitute for a peril, like a fire or a hurricane.

What is Risk Management?

Risk Management is the practice of protecting an organization's assets through identification and analysis of exposures, controlling the exposures, financing of losses and implementation and monitoring of the risk management process.

Types of Coverage

Retention – (Self Insurance). The organization pays directly for a loss.

Transfer – A risk finance technique used to transfer the uncertainty of a loss from one party to another....insurance.

Hybrid – A combination of both.

Definitions of Limits of Liability

Per Occurrence Limit – Maximum an insurance company will pay for a claim arising out of a covered loss.

Aggregate limit – The most an insurer will pay during a policy period.

Types of Policy Forms

Claims Made form – A claim must be filed during the policy period.

Occurrence Made form – A claim can be filed after the policy period has concluded.

Types of Insurance

- Commercial General Liability
- Commercial Auto Liability
- Workers' Compensation
- Professional Liability
- Auto Property Damage
- Builders Risk
- Crime
- Surety
- Property

Commercial General Liability

Three Types of Coverage:

1. “A” – Premises, Operations, Products, Completed Operations, Contractual, Contingent
2. “B” – Personal & Advertising
3. “C” – Medical Payments

Commercial Auto Liability

Coverage for bodily injury or property damages caused by the insured to a third party from operation of a vehicle.

“**AL**” is not covered under most General Liability insurance policies.

Combined Single Limit – One combined single limit instead of separate sub limits increases the aggregate amount for a single accident or occurrence.

When is Auto Liability required?

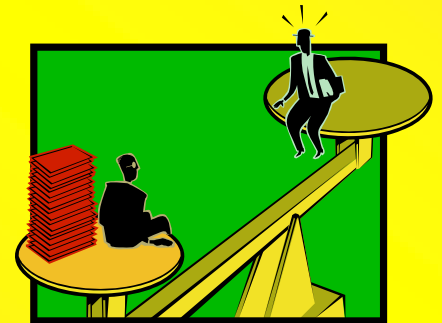
- Depends of the scope of the contract
- Usually when driving on UNLV property
- Performing a service for UNLV on Public Highways.

Workers' Compensation

- Coverage for workers who are injured on the job or incur a job related disease.
- Nevada mandated coverage.
- WC is “no fault” which means the claimant doesn't have to prove negligence.
- Contractors must show proof of coverage or be a sole proprietor or officer of their company.

Professional Liability

Professional Liability involves an alleged error or omission in rendering or failing to render professional services. Professional Liability is also known as malpractice and errors and omissions.



Types of Groups or Occupations that require Professional Liability Coverage

- Medical
- Architects
- Engineers
- Attorneys
- Financial Services
- Information Technology
- Counselors
- All Other

When is Professional Liability coverage required?

You need to require professional liability coverage when contracting with one of the professions previously mentioned.

Excess Insurance

- A policy that provides coverage in amounts above the underlying or primary insurance policy.
- Generally, Excess Insurance provides no broader coverage than the underlying policy.

Umbrella Insurance

- Umbrella insurance policies provide coverage above the underlying policies with higher limits, broader coverage and drop down features (when an insured can not get primary coverage for certain risks).
- Umbrella policies are used mostly for liability risks.

Types of Unique Insurance

- Pollution Liability
- Builder's Risk
- Watercraft Liability
- Aircraft Liability
- Director & Officers (D&O)
- Liquor Liability
- Inland Marine

Surety Insurance

Involves three parties: principle, obligee and the surety (insurer). The obligee contracts with the principle to fulfill an obligation. The surety (insurer) guarantees the obligation is fulfilled if the obligee fails to do so.

Financial Status of Insurance Companies

Independent Rating Services:

A.M. Best – A-IX or better

(Excellent Financial Rating)

<http://www.ambest.com/>

Others – Dunn & Bradstreet, WEISS,
Standard & Poors

Certificates of Insurance

What to look for:

- Type of Insurance
- Effective Dates
- Description
- Limits
- Deductible
- Additional Insured Language
- Certificate Holder / Additional Insured
- No legal significance. Only shows policy has been issued.

RMS Review / Analysis

Insurance Requirement Waivers

1. Who can waive insurance requirements?

Only Risk Management & Safety

2. What types of insurance can be waived?

Depends on the contract and risks involved

3. How to obtain a waiver?

Send an e-mail to Michael Means or Johnny Centineo and reason for requesting to waive an insurance requirement.

Some Considerations

What laws are pertinent to the contract?

What is the jurisdiction?

Who are the parties involved?

What service is being requested?

- What is the nature of work that is being done (scope of work)?
- What are the Risks to NSHE/UNLV?
 - Exposures?
 - Perils?
 - Hazards?
 - Loss?

Other Requirements

- ***First Dollar Basis*** – This means there is no deductible or self insurance retention. There is insurance from the first dollar of the loss.
- ***Loss Payee*** – The recipient of the covered loss payout of a total property loss. NSHE shall be named as the loss payee for property that a contractor is obligated to insure on behalf of NSHE.

- ***Additional Insured*** (form CG 20 10 11 85) – NSHE / UNLV is provided protection under the contractor's policy just like the contractor itself.
- ***Notice of cancellation or change of coverage*** – This should be included in contracts to make sure the contractor has continuing insurance coverage.

- ***Waiver of Subrogation*** – The voluntary relinquishment of the right to take actions to recover a loss from a third party. Otherwise, a contractor can not pursue recovery from a loss they incur which was caused by NSHE / UNLV.
- ***Contractor's insurance is primary and any other available to NSHE is non-contributing*** – This involves where a loss may exceed the contractor's insurance limits. The contractor's insurance is always primary. NSHE's insurance only covers NSHE / UNLV.

INDEMNIFICATION CLAUSES



- A Risk Management technique to transfer the financial obligation for a loss to another party.
- Hold harmless agreements are legal terms and should be reviewed by general counsel.

Questions?

