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Chapter 17

RISK MANAGEMENT

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17.01 OVERVIEW

This section of the manual discusses the University's risk management program. The Vice President for Administration and Finance is charged with providing a risk management program. Risk management is the process of using the University's controllable resources, both human and financial, to mitigate the impact of uncontrollable events on operations, and to preserve University assets.

The concept of a risk management program differs from the long accepted business practice of purchasing insurance to provide protection from losses. A risk management program approach puts emphasis on exploring and using a variety of techniques to effectively deal with potential losses associated with the University's operations.

All of us are aware to some degree of the exposure to risk, and as part of the University community, we all share in the responsibility to help eliminate, avoid, or control these exposures where possible.

The cooperation of all members of the University community is vital to the successful implementation of a risk management program. Through our desire for the continued growth and prosperity of the University and our cooperation and support of the day-to-day operation of the risk management program, we can help minimize the University's exposure to potential loss and liability.

17.01.1 CURRENT POLICY

The administration of the University recognizes its role of stewardship over the assets of the institution, both human and property. It interprets its responsibility in this area as requiring the highest possible concern for the safety of its students, employees, and the public, combined with a concern that maximum protection be accorded University property to prevent financial loss.

The management of the risks of loss to the institution in terms of both human and financial resources shall be the responsibility of the Risk Manager. It is his or her duty to continually identify risks and evaluate their potential impact on operations. He or she shall then recommend means of eliminating, abating, transferring, or retaining these risks after consultation with the Vice President for Administration and Finance.

Only when it is deemed that the institution cannot eliminate or economically retain a risk of loss shall it be transferred by purchase of insurance. The form and sufficiency of limits of liability for casualty protection of the University shall be determined by the Risk Manager, again in consultation with the Vice President for Administration and Finance.
The University recognizes its ability to budget for and thereby retain limited and predictable risks of financial loss. It shall not be the institution's practice to attempt to insure such foreseeable and bearable expenses if alternatives can be achieved with due regard to sound business practice. The deductibles on property insurance shall be determined by the Vice President for Administration and Finance with the recommendation of the Risk Manager and in recognition of insurance market conditions.

The University administration will continue to purchase insurance with full consideration of the services offered by the insurer, its reliability and financial stability, and the price of the insurance coverage as competitively determined.

The institution does not recognize any other obligation to be satisfied by the selection of any particular insurance underwriters, brokers, or agents.

The University remains alert to all opportunities for cooperative action with other institutions that promote mutual benefit in handling risks that are not readily insured or safely retained. Any such cooperative activity shall be explored by the Risk Manager and reported to the Vice President for Administration and Finance.

**17.02 THE STATE COLLEGES' RISK MANAGEMENT PROGRAM**

The State Colleges formed a State Colleges' Risk Management Group in fiscal year 1991. Each college is represented by one member. The State Colleges hired a professional Risk Manager to represent the nine colleges collectively in the risk management field with the State and industry. This person meets with the State Colleges' Risk Management group monthly. The meetings address items of common interest to the colleges such as:

- procurement decisions
- self-funding decisions
- loss-prevention decisions
- risk exposure identification.

In addition to meeting with the State Colleges monthly, the Risk Manager assists in the management of the risk management programs at the individual colleges by providing technical assistance in the filing of insurance claims, establishing group standards, developing operating procedures, maintaining a risk management manual and, when required, reviewing contracted services.
17.03 OBJECTIVES OF RISK MANAGEMENT

The fundamental objective of risk management is the preservation of the human and financial resources of the University. Management of risk has two (2) basic objectives:

- To minimize losses at the least possible cost -- This involves reducing frequency of loss and/or severity of loss.
- To fund the losses that do occur for the least possible cost -- Insurance may be a source of funding, as is the self-retention of loss cost.

17.04 RISK MANAGEMENT TECHNIQUES

Accomplishing the basic objectives of risk management requires the application of specific techniques. Risk management techniques may be categorized as risk control or risk financing.

17.04.1 RISK CONTROL

Avoidance or Elimination

One very important way to control risk is to avoid the situation that produces the risk. This is accomplished by making a deliberate decision not to do a program, procedure, etc., because of the potential to loss.

Elimination of risk can be the removal of a process or exposure to risk, for example: It is identified that we are doing something on campus that could just as easily be done by others off campus, and a decision is made to reduce our exposure to risk by contracting with an outside firm to do the job. We have eliminated the risk.

Loss Control

Several techniques which are used to control loss involve efforts to prevent events from occurring which could result in loss, and to reduce the amount of loss which could occur. Loss control is often directed toward the elimination of hazards. A hazard is a condition that affects the frequency or severity of loss.
Methods which are used to reduce or eliminate the chance of loss (loss prevention) or to reduce the severity of loss if it does occur (loss reduction):

- **Loss Prevention** - This technique can be illustrated by the use of fire resistant materials in construction to reduce or eliminate the chance of fire. Another example would be the mandatory use of machine guards and safety goggles in woodworking shops.

- **Loss Reduction** - This technique can be sub-classified as either minimization or salvage programs.
  
  - **Minimization** - typically takes place in advance or during a loss, such as an automatic sprinkler which is designed to minimize loss by spraying water on a fire soon after its start in order to confine damage to a small area.

  - **Salvage** - takes place after a loss and involves the restoration of the damaged property or injured person to the highest possible degree of usefulness. Examples are the rehabilitation of injured workers or freeze drying library books soaked by a discharge of water.

- **Separation** - The technique of separation involves either space or scope of activity.
  
  - **Space** - Physical things can be handled, processed, or stored at different locations in order to reduce the potential site of a loss.

  - **Scope of Activity** - Separate functions are considered to reduce the possibility for loss, e.g., different groups handle cash receipts and cash disbursements.

- **Combination** - By joining together, the Universities can increase the loss predictability and aid in the prevention and control of losses. Acting together will maximize the utilization of specialized resources or talent. The Universities will also benefit from objective evaluations. Large groups offer greater consistency and the operations are more credible in the forecasting of frequency and severity of loss.

- **Duplication** - Backup systems are used as a risk control device, for example, having duplicate sets of tapes and computer discs off site will insure no interruption of operations should a loss occur.
17.04.2 RISK FINANCING

Risk financing techniques are applied to assure that resources are available to cover losses that do occur. The techniques are:

- **Retention** - A risk is retained when losses that result from an exposure or activity will be covered through the use of internal sources of funds, such as those budgeted, current income or borrowed funds. Retention means that the resources for covering a loss come from within the organization.

- **Transfer** - For those risks not retained, the financing technique remaining is to transfer them to someone else. This does not necessarily mean buying insurance. The first attempts at risk transfer usually involve non-insurance transfer, primarily through the medium of hold-harmless agreements in which others may assume liability.

The other risk transfer is to purchase insurance. This may be a total or partial transfer by co-insuring using deductibles, or by self-insured retention, etc. In other words, the University may pay a portion of the loss, and then transfer the remainder to the insurance carrier.

17.05 RISK MANAGEMENT PROCESS

Applying the risk management techniques is a part of the risk management process. The following are the steps in that process (see Exhibit 17-1):

- Exposure Identification
- Risk Analysis
- Selection and application of risk management techniques
- Monitoring decisions and making adjustments.

17.05.1 EXPOSURE IDENTIFICATION

Through the use of questionnaires, interviews with University personnel, inspections and other techniques, a determination of the University's exposure to loss and identification of potential exposures is made.
Exposure identification is an ongoing process. As operations change, so do exposures to risk -- these must constantly be identified and evaluated.

**17.05.2 RISK ANALYSIS**

Risk analysis is the process of identifying the probability of exposures to risk and to then analyze these exposures to determine how frequently the risk results in a loss and how severe these losses will be. What catastrophic exposures do we have?

An evaluation of loss severity and frequency is made by conducting a review of prior loss experience. Using the prior loss data, a forecast is made for future losses. The overall purpose of the evaluation of risk is to compare the potential for loss with the University's ability to absorb loss. Some potential losses will be significant, others will not be. Losses that seldom occur and have a low severity give little concern. Frequent, low severity losses could be significant. High frequency, high severity losses are usually not the subject of evaluation because of their very nature. Low frequency, high severity characterizes most of the loss exposures and they may be significant.

**17.05.3 SELECTION AND APPLICATION OF RISK MANAGEMENT TECHNIQUES**

An important part of the risk management process is to decide which of the techniques to use to control and finance risk.

The University may employ more than one (1) technique to deal with a given exposure. An example would be the combination of loss control efforts and deductibles to address a given exposure to risk.

It may be decided to avoid a risk because insurance is not adequate or affordable. Risk control efforts may reduce the frequency and/or severity of loss to a point where risk can be retained. The most common situation may be to purchase insurance with a sizable deductible which represents a jointing of retention and transfer.

Pure economic costs are not the only reason for choosing alternatives. It may be that expected losses could be retained because they would not affect the financial stability of the University.
It may be decided that large, uncertain losses cause the most concern and the University may decide to purchase insurance.

17.05.4 **MONITORING DECISIONS AND MAKING ADJUSTMENTS**

Exposure to risk is ongoing; therefore, the risk management process is ongoing. Constant review of exposure, analysis of risk, and selection of control of risk is never ending. The review and monitoring process continues as long as there is exposure to risk.

Examples of monitoring are:

- Ongoing management
- Day-to-day administration
- Periodic evaluation of risk management techniques
- Development and maintenance of a statistical database to assess and forecast loss experiences
- Review of loss control surveys conducted in-house or by outside third parties
- Review of feedback from various loss control operational committees (i.e., inspection, safety, audit, etc.)

17.06 **EXAMPLES OF TYPICAL RISKS**

17.06.1 **DIRECT DAMAGE TO UNIVERSITY PROPERTY**

- Damage to the building, machinery, equipment, and supplies
- Damage to property in transit
- Damage to accounts receivable records and other valuable papers
- Damage to data processing equipment, software, and data
- Damage to automobiles from collision and other events; e.g., windstorm.
17.06.2 **INDIRECT LOSS FROM DAMAGE TO PROPERTY**

- Income loss due to damage to the building or equipment
- Cost of rental of temporary facilities or equipment to continue operations because of a direct property damage loss
- Extra expenses (such as overtime labor expense) to expedite repair of damaged equipment.

17.06.3 **LEGAL LIABILITY**

- Liability for bodily injury to individuals resulting from use of the facilities
- Liability for environmental impairment arising out of the operations
- Liability for damage to property of others or injury to individuals resulting from an auto accident
- Liability for work-related employee injury or occupational disease
- Liability for financial loss resulting from management by its officers and directors.

17.07 **ASSESSMENT OF LOSS EXPOSURE**

Once the various risks are identified, they are analyzed to determine the possible effect on the University should a loss occur.

One system of analysis is to assign one of four loss frequency ratings and one of three loss severity ratings to each identified exposure to loss. The frequency ratings are as follows:

- Almost nil - At the option of the practitioner, the event will not happen.
- Slight - The event has not happened before and is unlikely to happen in the future.
- Moderate - The event happens occasionally and is expected to occur again in the future.
- Definite - The event has happened regularly and is expected to occur regularly in the future.

The severity ratings are as follows:

- Slight - Each loss can be retained without detriment to the University.
- Significant - Some part of each loss must be transferred (using insurance or some other means of transfer) in order to protect the University.
• Severe - Virtually all of the loss must be transferred to ensure the University's continued existence in the event of loss.

Another type of analysis that is very helpful is the development of expected annual loss. This type of analysis usually involves rather simple trending techniques but can also be done with sophisticated computer models. The trending techniques used vary, but usually involve averaging years of past losses.

It is desirable to develop a formula that makes adjustments for any unusually large losses as well as changes in exposure as evidenced by changing payrolls, revenues, etc.

Estimates of maximum possible loss (MPL) and probable maximum loss (PML) can also be helpful in that they are indicators of potential severity. Probable maximum loss is usually defined as the largest probable dollar amount of loss that could arise from a particular occurrence or a worst case basis. An example will help clarify these two concepts. Assume it is determined that, if a fire starts in a building, damage would probably be limited to one fire division. The probable maximum loss would therefore be the value of the property contained within the facility's largest fire division (ignoring any indirect losses such as loss of income). The maximum possible loss, on the other hand, would be the value of the entire building and its contents.

Like the other methods of risk analysis, MPL and PML estimates are usually quite subjective. However, these estimates can be useful in deciding upon appropriate insurance limits and retention levels.

### 17.08 LOSS FORECASTING

Loss forecasting is a fundamental step in selecting vehicles of loss transfer and financing. Accurate projections provide the basis on which transfer and financing alternatives are compared, and on which decisions are made.

The type of loss forecast presented here can be used to establish an accepted estimation of incurred losses each year the program is in operation. However, the forecast is only an estimation, and an experience drastically different from the projection is possible.
The analysis is two stages in nature, following the premise that to forecast losses you must first predict what the number of claims will be for the year (frequency), followed by an estimation of the average dollar amount per claim (severity). The product of these two estimations produces a prediction of total incurred losses for the future year(s) in question.

In the first stage (frequency forecasting), past frequencies are developed to reflect incurred but not reported losses (IBNR). These ultimate frequencies for each past year are then divided by the exposure for that year which has been adjusted for inflation (if applicable). This gives us the number of claims per unit of exposure. These figures are then averaged to produce the projected number of claims per unit of exposure for future years. Using the exposure projections for the forecast year(s), the estimated frequency is established by multiplying the exposure projection by the predicted number of claims per unit of exposure.

In stage two of the analysis, the predicted dollar amount per claim per year (severity) is established by taking past total incurred losses, developing them to take into account IBNR, dividing the results by their respective developed frequency factors from state one, and adjusting them for inflation each year. This provides an average severity per claim for each past year, which has been developed and adjusted for inflation. These amounts for each year are then averaged to produce the average severity per claim for the year(s) in question.

The results of stage one and stage two are then multiplied to yield the projected incurred loss figure for the year(s) in question.

17.09 ESSENTIALS OF A LOSS CONTROL PROGRAM

- A written issuance, under an appropriate administrative signature, establishing policy with respect to accident control.
- Delegation of overall responsibility to management personnel for loss control activities.
- Defining for department heads and supervisory personnel their specific responsibilities in the implementation of an accident control program.
- Procedures for the continued development of a safe environment, to be achieved under the direction of department heads.
• Coordination of selection and placement procedures insofar as accident control is concerned.

• Training of supervisory personnel in accident control fundamentals.

• Employee training with respect to loss prevention, to be accomplished through supervisory personnel.

• A review of work methods and practices which have been the cause of accidents so that appropriate safe work rules can be adopted.

• An effective personal protective equipment program.

• Periodic job-site inspections.

• Specific designation of responsibility and results desired insofar as accident reporting, investigation and cause analysis is concerned.

• Coordination of first aid facilities with loss control efforts.

• Measurement of results to provide management personnel with an indication of progress, particularly to allow additional executive action to be taken where it is needed.
17.10 STATE-FUNDED/SELF-FUNDED RISK MANAGEMENT PROGRAMS

The following risk management programs are funded by the University and/or the State.

17.10.1 WORKERS' COMPENSATION

(Title 34, N.J. Workers' Compensation Law - Chapter 15)

Overview

The New Jersey Workers' Compensation Law entitles an employee to compensation and medical care for any injuries arising out of and in the course of his employment, regardless of fault, accepting willful injury and injury due to horseplay.

Claims are currently administered by the State of New Jersey with the Attorney General representing the University before the Compensation Courts. All medical costs, disability benefits, compensation awards, and outside vendor claim expenses are charged to the State Workers Compensation Self-Insurance Fund and then charged back to the University. This procedure conforms to state statutes, specifically N.J.S.A. 34:15:44 which states,

"When any payment of compensation under this chapter shall be due to any public employee, the name of the injured employee, or in the case of his death, the names of the persons to whom payment is to be made as his dependents, shall be carried upon the payroll, and payment shall be made in the same manner and from the same source in which and from which the wages of the injured employee were paid. In the event that any extraordinary payment larger than the weekly rate of compensation shall be due, such payment shall be made from any fund available for the maintenance or incidental expenses of the institution, department, board or governing body under and by which the employee was employed."

Claims made by employees for Workers' Compensation are handled by the University's Office of Human Resources.
EMPLOYEE ACCIDENT REPORTING & INVESTIGATION (Exhibit 17-2)

When an employee is injured on the job, the employee reports to the Health Center for treatment. The Health Center treats the employee and determines whether the employee should be seen by a state doctor for further evaluation and care or whether the employee is able to return to work. The Health Center prepares the State of New Jersey Employer's First Report of Accidental Injury or Occupation Disease Report (Exhibit 17-3) and sends copies to the Human Resources Department and the Vice President for Administration and Finance. The Human Resources Department sends the report to the employee's supervisor to sign, indicating that the supervisor agrees the injury occurred on the job. The report is then sent to the State Bureau of Risk Management.

If Public Safety is notified of the injury, a Department of Public Safety Incident Report (Exhibit 17-4) is completed and a copy is sent to the State Bureau of Risk Management.

17.10.2 SICK LEAVE INJURY (SLI)
(NJSA 11A:16-8)

Sick Leave Injury supplements Workers' Compensation benefits by entitling (within certain limitations) a state employee, who is disabled due to a work-related injury or illness, a leave of absence with pay for up to one year. Like Workers' Compensation, the costs for this program are paid by the University.

Claims made by employees for SLI are handled by each University's Office of Human Resources.

17.10.3 TORT CLAIMS
(Title 59, NJ Tort Claims Act Against Public Entities)

Overview

The Tort Claims Act grants broad immunities to public entities, imposes limits on the filing of claims, cause of actions and recoverable damages. The legislation provides indemnification and defense for the University and its employees, provided that the employees' acts or failures to act are within the scope of their duties and in the absence of actual fraud, willful misconduct or actual malice. The Tort Claim Act responds to claims arising or alleged to have arisen out of:
RISK MANAGEMENT

1) The ownership, maintenance or use of State/University property.
2) The acts, errors or omissions of State/University employees, including professional errors and omissions and the act and/or omissions of Trustees and Officers.

The funding for this program is provided by the State through the State Tort Claims Fund as provided by N.J.S.A. 59:12-1.

"There is hereby established in the custody of the State Treasurer a fund to be used for the payment of claims against the state arising out of tort. No money shall be withdrawn from such fund unless the claim has been settled according to law or reduced to final judgment in a court of competent jurisdiction. Whenever any tort claim or claim for indemnification shall have been settled according to law or reduced to final judgment in a court of competent jurisdiction, the same shall be certified by the Attorney General or his designee, to the State Treasurer who shall pay the claim upon the warrant of the Director of the Division of Budget and Accounting out of monies contained in the fund. Whenever the State Treasurer shall determine that funds are unavailable to pay any such claim, he shall certify the amount of such deficiency and the amount so certified shall be appropriated and paid to the claimant in the manner aforesaid."

Tort claims made against the University are handled by the University's Vice President for Administration and Finance and the Office of Risk Management.

NON-EMPLOYEE ACCIDENT REPORTING AND INVESTIGATIONS (Exhibit 17-5)

When a student or visitor is injured on campus, the individual is referred to the Health Center for treatment. If the individual refuses treatment and/or the injury is severe, he or she may be transported by the Emergency Medical Squad to an area hospital. If the Department of Public Safety is notified of the injury, a Rowan University Department of Public Safety Incident Report will be completed and a copy sent to the Risk Manager.

If the individual is seen at the Health Center, a Rowan University Mandatory Accident Report (Exhibit 17-6) is completed and copies are sent to the Dean of Students and the Vice President for Administration and Finance. The Vice President for Administration and Finance forwards a copy of the report to the Risk Manager.
17.10.4 CONTRACTUAL LIABILITY CLAIMS
(Title 59, NJ Contractual Liability Act)

The Contractual Liability Act provides no special immunities, but does limit the period within which claims can be filed and the damages which can be awarded. The Attorney General's office defends the universities in such actions. Settlements or awards, however, arising out of the claim, are the responsibility of the University.

Claims made against the University for contractual liability are handled by the Vice President for Administration and Finance.

17.10.5 AUTO LIABILITY
(Title 59)

Overview

See notes under Tort Claims section (17.10.03). The State of New Jersey uses a third-party administrator (TPA) and outside law firms to administer and defend all auto liability claims. The cost of administering and defending these claims is allocated to all state agencies on a per vehicle basis.

Claims made against the University for auto liability are handled by the University's Office of Risk Management.
MOTOR VEHICLE ACCIDENT REPORTING (Exhibit 17-7)

If a motor vehicle accident occurs on campus, the Department of Public Safety is notified and an investigation is conducted. The Department of Public Safety Incident Report is completed and a copy is forwarded to the Risk Manager. If a University vehicle is involved in the accident, a State of New Jersey Vehicle Accident Report (Exhibit 17-8) is also completed and forwarded to the Risk Manager. The Risk Manager forwards the appropriate information to the State Bureau of Risk Management.

If a University vehicle is involved in an off-campus accident, the driver of the vehicle must immediately report the accident to the police agency having jurisdiction. Upon return to campus, the driver must advise the Department of Public Safety of the accident and provide them with a report number and the name of the investigating police agency. The Department of Public Safety will secure a copy of the police report and coordinate with the Risk Manager to obtain the appropriate paperwork for submission to the State Bureau of Risk Management.

17.11 CLAIMS PROCESSING
(Exhibit 17-9)

The following paragraphs illustrate the various steps involved in the handlings and processing of a tort claim, auto liability claim, or contractual liability claim. The process is essentially the same with some minor variations in the handling of auto liability claims. The state uses an outside investigating firm to investigate both liability and damages under the auto liability claims and uses outside law firms to defend auto liability cases.

Step 1: Incident Report - An incident occurs which gives rise to a property damage or bodily injury claim.

… If the University or its employees are aware of the incident, an incident reporting form is completed and kept on file with the Office of Public Safety and the University Risk Management Office.

Step 2: Tort Claim Notice - In accordance with the New Jersey Tort Claims Act, the claimant must file a formal notice of their intention to file a claim within ninety days of the incident. The law also provides that if the claimant fails to file the notice within ninety days, they may upon petitioning the courts, obtain approval to file a late notice of claim within one year of the date of the incident. The law prescribes certain forms and procedures that must be followed by the claimant in order to satisfy the notice provisions of the act. For the University's purposes, any correspondence from the claimant or a letter of representation from an attorney on behalf of the
claimant should be considered as potential notice. Any decision as to whether or not the notice complies with the act or not would be made by the Division of Risk Management or the Attorney General's Office.

…Upon receipt of correspondence or a letter of representation, the University forwards the correspondence to the Division of Risk Management along with copies of any incident reports or other documentation that may be available.

Step 3: Six Month Wait - The Tort claim Act requires the claimant to wait six months from the date of filing their Notice of Claim before commencing any civil action. This six month period allows the public entity an opportunity to investigate and settle, if warranted.

…Upon receipt of a tort claim notice, the Division of Risk Management conducts an investigation to determine if the State or state employee is negligent as provided by the Tort Claims Act. The Division of Risk Management also determines whether or not the University or University employee is entitled to any immunity or special defenses under the Tort Claims Act.

…The Division of Risk Management also investigates the damages claimed to determine their validity.

…If the University or University employee is negligent, there are no special immunities or defenses available and the claimant has verifiable damages, then the Division of Risk Management should attempt to negotiate a settlement of the claim.

…If the University or its employee are not negligent, special defenses or immunities are available or damages are not verifiable, then the Division of Risk Management will send a letter of denial stating the reason for the denial and the case should at that point in time be prepared for possible litigation.

Step 4: Litigation - Litigation arises because the state has either denied the claim for some reason or has been unable to successfully negotiate a settlement. The summons and complaint may be served directly on the state or possibly on the University, as well as specific University employees if they are named as separate defendants. Upon receipt of the summons complaint by the University or University employee, the document should be turned over immediately to the Vice President for Administration & Finance who forwards the summons and complaint to the University's Deputy Attorney General.
An answer to the summons and complaint must be filed with the courts within 35 days of the date of service in order to avoid a default judgment against the University or University employee. If for some reason a delay has occurred which could result in a default judgment being taken, the Vice President for Administration & Finance notifies the University's Deputy Attorney General to advise them of the problem and to provide them with appropriate information to obtain an extension of time to file an answer, thereby avoiding a default judgment.

…The Deputy Attorney General assigned to the case will file an answer and take other appropriate action to protect the interest of the State, the University and any University employees.

…The University may be requested by the Deputy Attorney General to provide additional investigative information, answer interrogatories or to make witnesses available for depositions or testimony at trials.

17.12 INSURED RISK MANAGEMENT PROGRAMS

The University has purchased insurance to provide protection from losses incurred in the following programs.

17.12.1 PROPERTY LOSS

This insurance provides for protection against property losses to the University's building and personal property. Certain limits and deductibles are imposed. Claims against University insurance policies are handled by the University's Office of Risk Management.

This policy provides no coverage for the personal property losses of students.

17.12.2 EMPLOYEE BOND

This insurance protects against losses the University incurs due to the dishonest acts of its employees.
17.12.3 COMMERCIAL CRIME

This insurance provides protection for University property lost in robberies and hold-ups on and off campus. Personal property of students, faculty and staff is not covered.

17.12.4 INTERCOLLEGIATE ATHLETIC ACCIDENT

This insurance pays medical expenses up to $60,000 incurred due to an injury resulting from participation in intercollegiate athletics. Claims made against the University for injuries sustained while participating in intercollegiate athletics must be reported to the Office of Intercollegiate Athletics.

17.12.5 NCAA CATASTROPHIC

This insurance continues the intercollegiate athletic accident coverage, providing benefits in excess of the colleges' intercollegiate athletic injury policy.

17.12.6 EDUCATIONAL FACILITIES AUTHORITY (EFA) PROJECTS

As a requirement of the EFA bond financing agreement, the University must provide for property insurance for projects owned by the EFA and general liability.

17.12.7 STUDENT INTERN GENERAL LIABILITY

This insurance provides general liability coverage for Rowan University students who are participating in the internship program.
17.13 STUDENT INSURANCE PROGRAMS

The University's insurance programs do not insurance against student losses except as indicated above for Intercollegiate Athletic Program and the Student Internship Program.

The University has, however, made arrangements with a National Insurance Carrier to provide low cost Student Accident & Medical Insurance available for students to purchase. Information concerning the purchase of this insurance is available through the Dean of Students' Office.

17.14 CONTRACTUAL AGREEMENTS

The State Colleges' Contract Law prohibits University employees from entering into contracts that obligate the University. The law specifies that only the President of the University or the designated University contracting officer shall enter into agreements on behalf of the University. The Vice President for Administration & Finance is the University's designated contracting officer.

17.15 INDEMNIFICATION/HOLD HARMLESS AGREEMENTS

The University and its employees cannot enter into an Agreement of Indemnification/Hold Harmless Agreement with another entity. For purposes discussed below, indemnification is defined as the act of providing an assurance; guarantee against future loss or damage, or the promise to "hold harmless" from some future loss or damage.
Rowan University is an institution of higher education created and operated pursuant to the laws of the State of New Jersey N.J.S.A. 18A:64-1 et seq. In its role as a state agency, the University is free to act solely within the scope of those duties that have been delegated to it by the legislature. Although the University has been delegated the power to contract within the scope of the provisions of the State College Contracts Law, N.J.S.A. 18A:64-52 et seq., the University has only been delegated the power to indemnify in one specific instance. N.J.S.A. 18A:64-82 specifically grants state colleges the power to enter into an agreement indemnifying the United States of America… from any liability for loss or damage to the person or property of others resulting from any project undertaken or to be undertaken by the federal government for the benefit of the state college or any project, the cost of which or any part thereof is to be paid out of federal funds.

Furthermore, the State of New Jersey itself is immune from suit except in those limited instances provided for in the NJ Tort Claims (see 17.10.4 below) and Contractual Liability Acts (see 17.10.5 below). Prior to enactment of these statutes by the legislature, the state was not even free to indemnify its own employees. Title 59 now permits the state to indemnify its employees specifically for acts committed within the scope of their duties. Accordingly, only in those limited instances in which the legislature has delegated the power to indemnify can the state or its agencies commit the state to be responsible for the acts of third parties.

Finally, as indemnification is a commitment to be responsible for an undefined future loss, state agencies, which are funded with legislative appropriations, cannot agree to such an open-ended promise. Agencies cannot simply by virtue of contracting commit future legislatures to make future appropriations. Accordingly, this is why the University cannot agree to indemnify.

17.16 INSURANCE REQUIREMENTS FOR CAMPUS EVENTS AND USE OF UNIVERSITY FACILITIES

Outside performers/speakers/programs and/or organizations coming on campus as part of a University event require insurance. The exception to this requirement would be outside speakers invited by faculty to make presentations in University classrooms as guest participants within the University's ongoing undergraduate or graduate curriculum.
In addition to providing insurance, a formal University contract is required whenever an event involves an outside performer/speaker/program and/or outside organization. The Vice President for Administration and Finance determines the terms and conditions of the contract, which include the insurance requirements. Insurance requirements vary since they are gauged on the "risk exposure" of each event. However, a minimum requirement has been established, which is described below.

The Outside Organization must agree at the outset to provide the University an original Certificate of Insurance no less than 30 days prior to the date of the event. The Certificate should include the items indicated below:

…General liability insurance, unrestricted by endorsement, in the amount of $1,000,000 for each occurrence (combined single limit).

…The certificate must name Rowan University and the State of New Jersey as additional insured.

…Said certificate shall provide that the insurance may not be cancelled except upon prior notice to the University.

17.17 USE OF UNIVERSITY VEHICLES

Faculty and staff who possess a valid driver's license may use state vehicles and Student Government Association (SGA) vans for University business.

Students are not permitted to drive University vehicles unless they are University employees who are active on the payroll at the time of use.

Vehicles are reserved through the Facilities Department. Vans are reserved through the SGA office.
17.18 ROWAN UNIVERSITY EVENTS HELD OFF CAMPUS

There are occasions when the University uses off-campus facilities to conduct classes or hold events. The Vice President for Administration & Finance should be notified to determine if agreements or contracts are required.

If the off-campus location requests liability insurance, the University's Risk Management Office should be notified so that a tort letter can be sent to the requesting party. The tort letter indicates that the University falls under the Tort Claims Act and outlines the appropriate process to follow in the event of a liability claim.