

**6.1 – INSURANCE PROCUREMENT AND
COVERAGE**

The University of Illinois purchases insurance or establishes self-insured programs on its property or risks only where specific circumstances are required. This policy has been approved by the Board of Trustees and complies with insurance practices followed by other departments of the state.

INSURANCE PROCUREMENT

The Director of the Office of Risk Management has been delegated the responsibility for procurement of insurance through the Office of Business and Financial Affairs by the Vice President for Business and Finance and Comptroller.

All contracts, leases, or agreements that contain any insurance provisions must have prior approval of the Director of the Office of Risk Management.

Procedure to obtain insurance – Units needing insurance should contact the Office of Risk Management and describe the insurance need. Once the need has been defined, the unit must follow-up with a written request for coverage, including the account number that will be charged for the premium cost.

Bidding for insurance – Insurance, with certain exceptions, is subject to the *Regulations Governing Procurement and Bidding at State Universities in Illinois*. Competitive bids are normally used in the procurement of insurance when the premium cost is expected to be more than \$25,000. Awards will be made to the lowest responsible bidder meeting bid specifications. Lot drawing determines the placement of coverage for two bids that are identical.

Certificates of insurance – Units needing proof of University insurance coverage for contractors, property owners, etc. should contact the Office of Risk Management. Certificates of Insurance, Certificates of Coverage for existing coverage, or self-insurance will be provided at no cost to the unit.

TYPES OF INSURANCE COVERAGE

Property

Fire (including extended coverage, vandalism, and malicious mischief) – Commercial fire and extended coverage insurance is carried on University buildings and/or its contents under the following circumstances:

- Where required under the provisions of a **contract** to which the University is a party
- Where an expressed or implied trust is involved which places an obligation upon the University to carry insurance as a legal requirement of **good trusteeship**

- Where the rental or usage fees established for the use of University property include an amount to be used in paying the premiums for insurance coverage on that property
- Where funds provided voluntarily from outside sources are used in the payment of insurance premiums

Fire insurance is provided under a master policy. The policy covers all locations on a blanket basis and is subject to a deductible. Insured values are reviewed annually; the amount of insurance purchased is 100% of the values reported to the insurer.

Personal – Those who choose to bring personal property onto University premises should contact their insurance agents to be certain their property is properly insured. It may be desirable for personal property brought onto University premises to carry a sticker, prominently displayed, identifying the owner. The University assumes no responsibility for any loss, theft, or damage to an employee's personal property brought onto University premises even if the property is brought to the University to be used in connection with their work. The University carries no insurance to cover any of these losses.

CASUALTY

Liability – Liability insurance covers the legal liability for personal or property damage claims arising from the general operations of the University. Coverage is extended to employees of the University for personal and professional liability they incur, if the claim arises while performing duties of employment for the University.

The University maintains a liability **self-insurance** plan that is fully funded, based on actuarial recommendations. **Commercial** liability insurance is carried on University risks only when:

- It is required under the provisions of a contract to which the University is a party
- It is expedient to protect University employee interests
- Cost to commercially insure is less than the estimated cost to self-insure

Auto liability – The State of Illinois maintains an Auto Liability Self-Insurance Plan that provides up to \$2,000,000 of coverage per occurrence for automobile liability incurred while operating a vehicle in the performance of state duties. The State of Illinois coverage is primary (pays first) for any **owned or leased** automobile; the State of Illinois coverage is excess to any other available coverage for **non-owned or rental** automobiles.

The University maintains commercial insurance on a limited number of car pool and leased vehicles. This commercial coverage is maintained for University-approved auto usage that is beyond the scope of the State of Illinois Auto Liability Plan. Check with the Office of Risk Management for a current listing of commercially insured car-pool vehicles.

Employees who frequently drive a state or University-owned vehicle may wish to verify with their automobile insurance agent that their personal auto liability coverage will be available in the event the State of Illinois denies liability coverage on the basis that the auto usage was outside the scope of employment duties.

Liquor liability – The University maintains both liquor liability (Dram shop) and host liquor liability coverage. Contact the Office of Risk Management for information.

Crime

Crime insurance (including burglary, robbery, theft, and employee dishonesty) is carried on University risks. All employees, with a few exceptions, are covered by the crime coverage; a deductible per loss applies. See *Section 10.2 – Cash Collections and Deposits*.

OTHER COVERAGE

Various group insurance plans, as approved by the Board of Trustees and the State of Illinois are available to students, faculty, and staff. The plans also include other coverage as required by law.

Faculty And Staff Group Insurance

The University and the State of Illinois provide several group policies for faculty and staff who qualify:

- Accidental death and dismemberment
- Dental
- Hospital-Medical-Surgical (several plans)
- Life (term policies – several plans)
- Salary annuity option (tax-sheltered annuities – several plans)

Check with campus Benefit Center Offices for information about any of the faculty and staff group insurance plans.

Student Group

The University provides a group policy (Hospital-Medical-Surgical) for students and their dependents. Check with the student Insurance section of the campus Benefits Center for information.

Workers' Compensation

As required by law, Workers' Compensation coverage is provided. For information, or to file a claim, contact the campus Claims Management Office.

Unemployment Compensation

As provided by law, Unemployment Compensation coverage is provided for those employees who qualify.