

<b>System-wide Policy: FI0135 - Commercial Insurance</b>	
<b>Version: 7</b>	<b>Effective Date: 12/09/2020</b>

## FI0135 – Commercial Insurance

### Topics:

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<a href="#">System Office of Risk Management (SORM)</a>	

### Objective:

To provide information related to the university’s insurance coverages, restrictions on procuring insurance, and guidance on filing a claim. This policy does not apply to group employee insurance such as health, dental and vision.

### Policy:

#### Liability Coverages

1. Effective July 1, 1985, the university became subject to the provisions of the Tennessee Claims Commission Act, T.C.A. 9-8-301 et seq. The Claims Commission adjudicates claims against the university involving:
  - a. Workers' Compensation
  - b. General Liability
  - c. Professional Malpractice
  - d. Automobile Liability
  - e. Other areas described in T.C.A. 9-8-301

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2. This protection provides civil immunity for registered volunteers and employees of the university who act within the scope of their assigned duties. This coverage does not apply to malicious, or criminal acts or omissions done for personal gain.
3. To register as a volunteer a person must be classified as a “friend” in the university’s payroll system. Instructions for registering volunteers is located on the [System Risk Management website](#).
4. Under the Claims Commission Act, payments for damages are limited to \$300,000 per claimant and \$1,000,000 per occurrence.

### Property Coverages

5. The State of Tennessee's Division of Claims and Risk Management administers the state's property insurance program which covers all university-owned buildings and contents and non-owned property for which the university has contractually assumed responsibility. The university also has coverage for the following policies administered by the state:
  - a. **Fine Arts** - which covers art objects owned or loaned to the university.
  - b. **Aircraft** – which covers hull and liability coverage for aircraft owned/leased by the university.
  - c. **Boilers** – which provides coverage for all university boiler objects.
6. The items listed below are not covered under the state's program. This is not a comprehensive list and is subject to change without notice. Contact the [System Office of Risk Management](#) (SORM) for any questions related to the university's property policies.
  - a. Property of students, faculty, and others.
  - b. Trees, plants, shrubs, precious stones and outside lighting equipment.
  - c. Vehicles and watercraft.
  - d. Money and jewelry.
  - e. Mold, asbestos, and sewage backup (depending on the cause).
7. The State of Tennessee determines the university’s deductibles, which are currently:
  - a. \$50,000 per occurrence for all insured losses with an exception of water losses and flood losses.

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- b. Water losses have a \$75,000 deductible.
  - c. Flood losses have a \$250,000 deductible in high risk areas and a \$50,000 deductible in low risk areas. Areas of low and high-risk areas are determined by the [Federal Emergency Management Agency](#).
8. The SORM administers an internal self-insurance fund for losses that fall under the state deductible. This fund pays the amounts up to the state deductible and recovers an amount from the departments incurring the loss. The amount recovered from the department depends upon the type of loss and are discussed below. Each campus has the discretion to pay the amount owed by the department.
- a. Each department is responsible for repair or replacement expenses of losses (other than water and flood losses) up to \$10,000 per occurrence.
  - b. In the case of a water loss, the amount owed is \$15,000 per occurrence. If a loss occurs in a flood zone, the amount is \$50,000 per occurrence.

### Automobile Insurance Coverages

9. The State of Tennessee self-insures all state entities including The University of Tennessee, for automobile liability. In accordance with T.C.A. 9-8-101, the limits of liability (under the waiver of sovereign immunity law) are \$300,000 per person and \$1 million per occurrence. People who use university vehicles in the scope of their employment are protected up to \$1 million for negligence resulting in bodily injury and property damage to third parties. The vehicle operator must comply with state and university travel regulations, and when accidents occur notify a law enforcement organization, and the System Office of Risk Management. The state provides liability coverage for injuries to third parties as long as the employee's conduct was not (1) outside the scope of their employment; (2) malicious, criminal, or involved personal gain; or (3) grossly negligent.
10. The university is self-insured for comprehensive and collision on all university-owned autos. If damage occurs to a fleet vehicle and the university employee/volunteer is at fault, the damage is charged back to the responsible department. If the damage occurs due to the

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fault of a third-party, then the SORM will file a claim with the third-party's insurance and request reimbursement.

- a. **Use of personal (non-university-owned) vehicles**—On occasion, employees may use their personal vehicle while on university business and the following applies:
  - i. The employee's personal automobile insurance will be the primary coverage at all times. Insurance maintained by the state would provide secondary coverage should the loss exceed the employee's coverage.
  - ii. The employee must carry the minimum automobile liability coverage that is mandated by the state in which she/he resides.
  - iii. The employee must have a valid driver's license, which is not currently suspended or revoked, while using his/her personal vehicle for university business.

#### Additional Insurance Coverages

- 11. The university is prohibited from procuring any type of liability insurance without the prior approval from the State of Tennessee Board of Claims. To ensure compliance, no department may procure liability insurance without authorization from the System Office of Risk Management.
- 12. The university may, however, procure various non-liability insurance policies intended to reduce risk. These policies must also be approved by the SORM. Examples of these policies include:
  - a. Student health insurance
  - b. Comprehensive policies for vehicles and other assets not covered by the state's property insurance
  - c. Loss of revenue policies for large athletic events
  - d. International freight coverage to protect items shipped or received internationally.

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### Claim Reporting

13. In order for coverage to apply to most insurance programs, claims must be reported to the [SORM](#) in a timely fashion and in accordance with the requirements listed below. Claims not reported in line with these requirements risk not being covered under the university's insurance programs. All claims will be reviewed and investigated in accordance with applicable insurance policies. Some claims may be subject to a further review by a third-party administrator or the [Tennessee Division of Claims and Risk Management](#). Any questions about reporting accidents or filing claims may be directed to the campus/institute business office or the [SORM](#).
- a. **Workers' Compensation** – Every injury that occurs while a university employee is on duty must be reported in accordance with [HR0397 - Worker's Compensation](#), which requires the incident to be reported to the third-party administrator of the university's workers' compensation program. Instructions for reporting on-the-job injuries are detailed on the [SORM](#) website on the [Workers' Compensation](#) tab. In order to avoid monetary penalties to the injured worker's department, all injuries must be reported within three (3) days. Additionally, specific reporting paperwork must be completed and provided to the [SORM](#) as per the instructions detailed in the Workers' Compensation Reporting Procedures document. The Workers' Compensation reporting process allows for the identification of any potential health and safety issues, accurate OSHA recordkeeping, and trend analysis.
  - b. **Personal Liability claims** – Anyone who believes that they have incurred personal property damages or personal injury due to the negligence of a university employee must file a claim through the [Tennessee Division of Claims and Risk Management online portal](#). In addition, the university requests an [Incident Report](#) or the [Driver's Report of Vehicle Accident](#) also be completed depending on the type of incident. These reports allow the [SORM](#) to identify any potential reimbursement and health, safety or security issues.
  - c. **Automobile Accident Claims** – Employees or registered volunteers utilizing

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any vehicle while on university business and the vehicle sustains damage, must report the damage to the [SORM](#) and the campus Fleet Services by completing the [Driver's Report of Vehicle Accident](#) form. If the accident involves a pedestrian or a third-party vehicle, the UT employee/volunteer must report the accident to the State of TN Auto Accident Call Center within 24 hours. Failure to do so will result in a \$1,000 fine by the state. The employee's department is responsible for paying the fine. Procedures for reporting automobile claims can be found at:

<https://riskmanagement.tennessee.edu/automobile-claims/>.

- d. **University Property Claims** –Details for reporting property claims can be found on the [SORM](#) website on the [claim reporting tab](#).

Departments/campuses must report loss of or damage to university property to the campus facilities and the [SORM](#) immediately to establish a claim and to begin the investigation. Late claim reporting could result in a claim denial. If the scope of damage is too large to manage and remediation is needed from a contractor, campuses must utilize the state's emergency services vendor for all clean-up and efforts to protect property from further damage. If needed, the [SORM](#) will notify the property insurance adjuster. Departments should document the immediate damage and save pictures for future reference. No items can be disposed of until the [SORM](#) or the adjuster complete the investigation and approve the disposal. Departments/campuses must utilize the [Property Loss Report](#) to report the loss and it should be completed and forwarded to the [SORM](#) within 1 business day.

The department must then prepare a list of all damaged property and anticipated repairs and costs. Departments must utilize the [Property Claim Packet](#) to document the loss. Photographs and all documentation supporting the estimated losses should be included in the claim submission. The [SORM](#) will report any loss exceeding our deductibles to the Tennessee Division of Claims and Risk Management.

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14. The SORM is responsible for the following:
- a. System-wide oversight of the university's workers' compensation program for the university with includes:
    - i. Communicating requirements with applicable campus human resources offices, business offices and other university officials and employees.
    - ii. Tracking claims and incidents to ensure that information has been reported in an accurate and timely manner to the administrator of the program.
  - b. Processing all university property-related claims, auto claims, and other incidents.
  - c. Serving as the primary point of contact for the Tennessee Division of Claims and Risk Management for workers' compensation, tort liability claims, state-owned property claims and state-purchased insurance policies.
  - d. Compiling all incident-related information required for occupational safety compliance.
  - e. Approving all university insurance procurements, excluding employee group health related policies.
  - f. Review of all of the university's insurance policies to identify assets are protected.
  - g. Identifying areas for risk reduction or safety concerns and reporting these to applicable university officials. Coordinating risk reduction efforts with safety and emergency management officials.
  - h. Updating the property values and other actuarial information needed to procure insurance and/or distribute insurance premiums.
  - i. Procurement and management of non-liability insurance policies for the university.
  - j. Serving as a primary point of contact for FEMA/TEMA on declared state or federal disaster claims.
  - k. Risk Management training.
  - l. Upon request, [SORM](#) will provide proof of insurance coverages for the university. A [Request for Certificate of Insurance](#) form must be completed.

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- m. Upon request, the [SORM](#) will review university contracts to ensure that insurance protection is properly addressed.
- n. Upon request, the [SORM](#) will review insurance policies to ensure policies comply with contracts and provide adequate protection.

#### **PROCEDURES:**

To view links to campus policies and procedures, click here:

<https://policy.tennessee.edu/campus-policies-procedures/>

#### **FORMS:**

- [Incident Report](#)
- [Workers' Compensation Injury Report](#)
- [Property Loss Report](#)
- [Property Claim Packet](#)
- [Drivers Report of Vehicle Accident](#)
- [Request for Certificate of Insurance](#)

#### **MORE INFORMATION:**

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