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UNIVERSITY RISK MANAGEMENT & INSURANCE ASSOCIATION

THE BEGINNER'S GUIDE TO INSURANCE & RISK IN HIGHER EDUCATION

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SACUBO SOUTHERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

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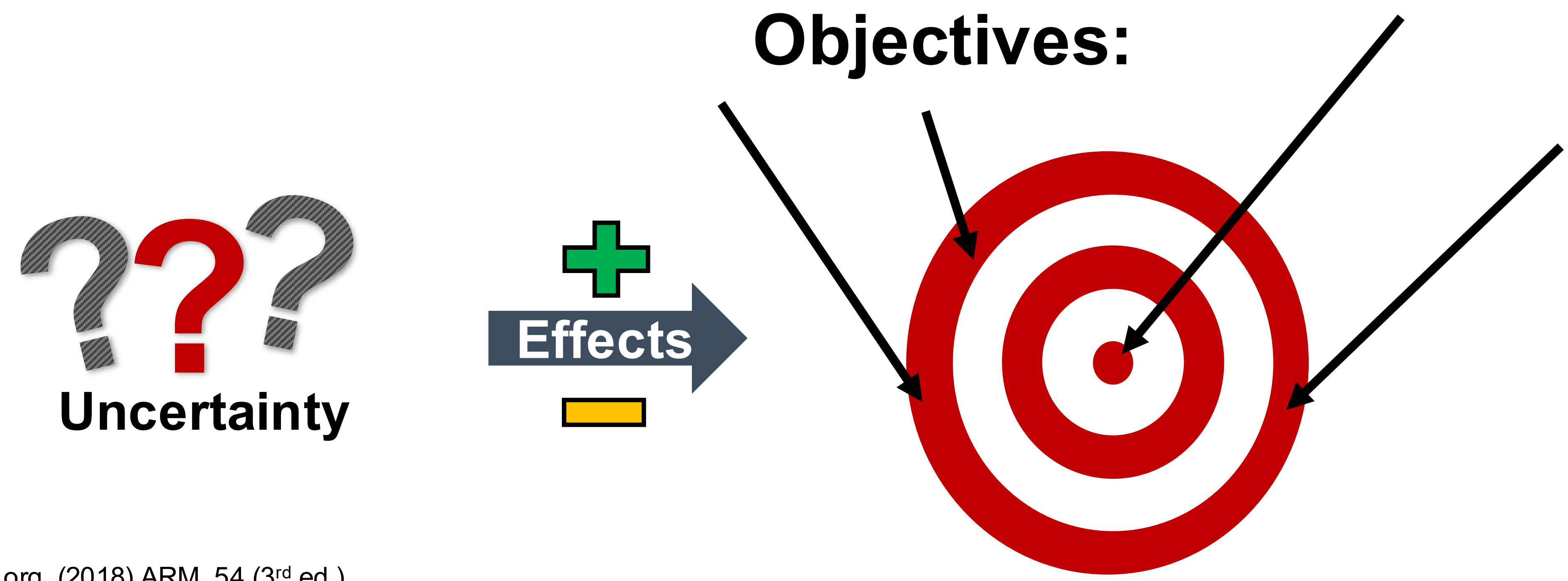
Learning Objectives

- **Risk Management Principles**: Understand the foundational concepts of risk management.
- **Insurance Terminology**: Recognize important terms in insurance and risk management, highlighting potentially problematic language.
- **Higher Education Risks**: Identify and understand the primary risk exposures in higher education.
- **Insurance Coverage Basics**: Describe the basic types of insurance coverage and how they address the risks specific to higher education.

What is Risk?

- Risk is "the effect of uncertainty on objectives"
  (ISO 31000, 2018)
- Uncertainty can be internal or external factors that have the potential to impact (either positively or negatively) the organization's ability to achieve the Strategic Direction



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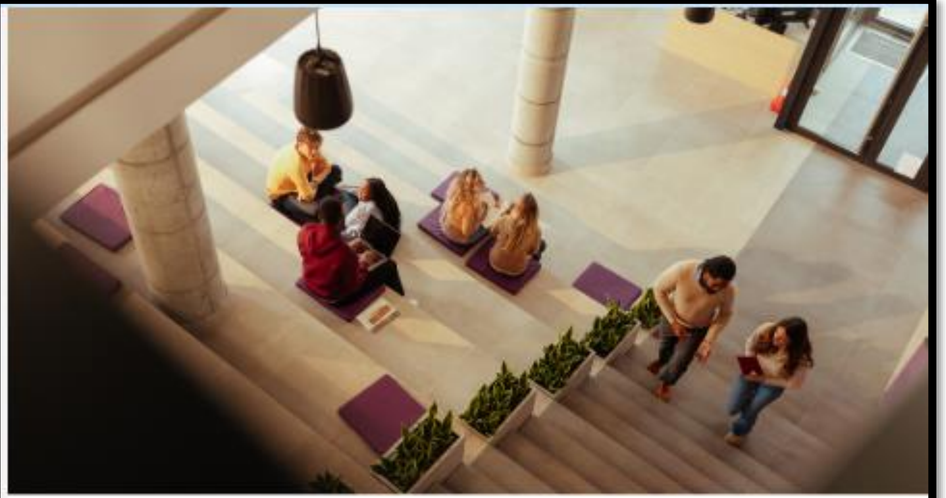
It isn't the risks we know about that concern us,

but the risks we are unaware of that worry us the most…

High-Cost Claims in Higher Ed

From UE Large Loss Report 2026



Large Loss Report 2026

*The Large Loss Report 2026 summarizes **41** publicly reported damage awards and settlements of at least $2.5 million involving K-12 schools, colleges, and universities in 2025.*

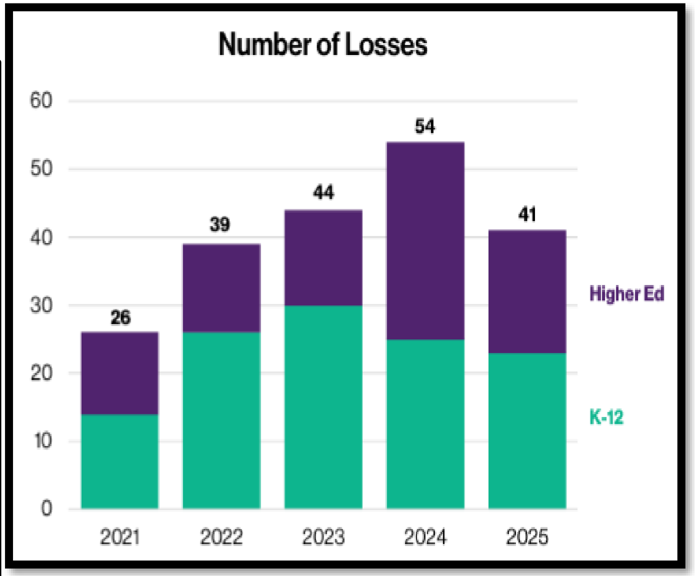
Understanding the current liability landscape is essential, even though not every claim reaches the high costs highlighted in this report. Examples below illustrate the pressures all of education — including United Educators (UE) members — face.

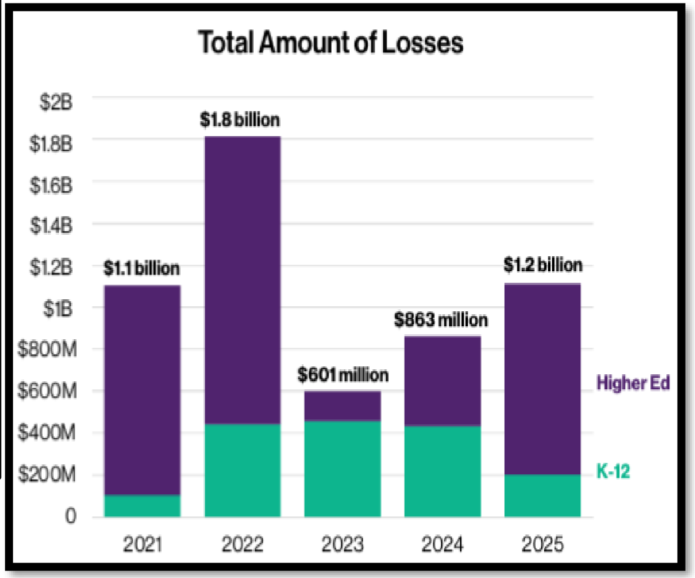
The report serves as a reminder for educational institutions to prioritize strategic risk management and partner with your broker and an insurance carrier to provide specialized risk management resources, expert claims resolution, and education-specific underwriting.

The summaries are provided to inform educational institutions of trends observable in publicly available data. We offer this report as a service to our members. The report in no way indicates UE's assessment of the value of any particular claim. While some losses included in this report reflect trends UE has seen among our members' claims, the topics included are not an indication of the scope of UE coverage, nor is the inclusion of a settlement or award in this report reflective of an opinion by UE or our membership of its reasonableness. Finally, some of the loss outcomes may have changed due to the progress of legal proceedings since they were reported. Some losses occurred in prior years but were not reported until 2025.

United Educators

*The **UE Large Loss Report** 2026 summarizes 41 publicly reported major damage awards and settlements of at least $2.5 million <u>that affected K-12, colleges, and universities in 2025</u>. That's compared to 54 publicly reported awards and settlements of at least $2.5 million in 2026.*





High-Cost Claims in Higher Ed (from UE Large Loss Report 2026)

College or University	Description	Category/ Type	Line of Business	Settlement or Award	Total Amount Reported
Michigan State University	Settlement with three **surviving victims of the 2023 campus shooting** involving traumatic brain injuries and paralysis.	Injury / Wrongful Death	General Liability	Settlement	$29.75 million
San Diego State University	Settlement with family of **student who died** after **falling from a bunk bed following fraternity event**; fraternities later suspended for rule violations.	Wrongful Death	General Liability	Settlement	$7.9 million
Johns Hopkins University; Caltech	Settlements in **antitrust lawsuit alleging collusion on “need-blind” admissions** and financial aid practices.	Antitrust	Educator’s Legal Liability	Settlements	$18.5 million; $16.75 million
University of Rochester, University of Washington, Carnegie Mellon University, University of Pittsburgh, Penn State University	**COVID-19 tuition lawsuits** settled over alleged overcharging during disrupted 2020 classes.	COVID-19	General Liability	Settlement	$10 million
University of Colorado Anschutz	Settlement with **staff and students denied religious exemptions** to COVID-19 vaccine mandate.	COVID-19/ Discrimination	Educator’s Legal Liability	Settlement	$10 million
University of Minnesota	Class action settlement following **2023 data breach**; included dark web monitoring for affected individuals.	Cybersecurity	General Liability	Settlement	$5 million

High-Cost Claims in Higher Ed (from UE Large Loss Report 2026)

College or University	Description	Category/ Type	Line of Business	Settlement or Award	Total Amount Reported
UCLA	Settlement with Jewish students and professor alleging **civil rights violations and antisemitic exclusion** during campus protests.	Discrimination	Educator's Legal Liability	Settlement	$6.45 million
California State University System	Jury found university liable in **harassment and retaliation** case brought by former associate dean alleging **gender-based discrimination**.	Discrimination	Educator's Legal Liability	Settlement	$6 million
Liberty University	Settlement with former president Jerry Falwell Jr. resolving **litigation following resignation amid public scandal**.	Employment	Educator's Legal Liability	Settlement	$5.5 million
Columbia University	Settlement in **class action alleging misreported data to U.S. News & World** Report inflated prestige and tuition value.	Fraud / Misrepresentation	Educator's Legal Liability	Settlement	$9 million
Western Iowa Tech Community College	Settlement with former J-1 visa students alleging **misleading recruitment and exploitative work placements**.	Fraud / Misrepresentation	Educator's Legal Liability	Settlement	$2.5 million
Columbia University & New York–Presbyterian Hospital	Massive settlement involving hundreds of **victims sexually abused by former physician Robert Hadden**; *related payouts now exceed $1 billion.*	Sexual Misconduct	General Liability	Settlement	$750 million combined

High-Cost Claims in Higher Ed (from UE Large Loss Report 2026)

Important notes: While this summary provides insights on the liability landscape, it is important to remember there are many factors that influence a verdict or settlement, and the value of any individual claim cannot be extrapolated from these reports. In addition, please note the following about these large losses:

(a) Summaries are drawn solely from published accounts.
(b) Social inflation, the increased cost of litigation above general economic inflation, has dramatically increased the cost of claims.
(c) Settlements do not indicate admissions of guilt. Despite any settlements paid, colleges and universities typically denied liability or wrongdoing.
(d) The specific line of business (LOB) or coverage can vary depending on the terms of the policy, the nature of the claim, and the jurisdiction. The provided information makes probable assumptions, but exact coverages should always be confirmed with the specific policy language or through consultation with an insurance professional or legal counsel.
(e) Claims were publicly reported between January 1, 2025 and December 31, 2025.

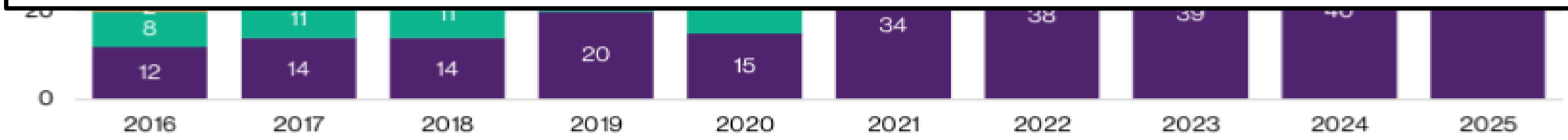
An analysis of the Large Loss Reports from 2015-25 shows troubling trends for K-12 schools and higher education institutions.

United Educators

Damage Awards and Settlement Trends

Mitigating Risks and Claims Inflation

A key takeaway for education leaders is to continue to focus on risk mitigation. Proactive claims management through careful defense counsel selection and thoughtful communication can help achieve fair and effective claims resolution while mitigating claims inflation.



RM Objectives & Goals

- Tolerable uncertainty
- Legal and regulatory compliance
- Survival
- Business continuity
- Earnings stability
- Profitability and growth
- Social responsibility
- Economy of risk management operations

- There is no such thing as a Risk Management expert
  - No one gets it right 100% of the time
  - We don't live in a static/fixed world; the world is dynamic & constantly changing

ISO 31000, 2018

Traditional Risk Management vs. Enterprise Risk Management

Segmented / **departmentalized** approach	Holistic **broad-based** approach involves scanning the internal and external environment across all departments; develops an understanding of an organizational environment
Each department/business unit/silo deals with its own risk; there may be centralized risk management as a function, usually from the "middle"	Emanates from the "top" – typically the Board of Directors, as well as from the "bottom"
Takes a more focused perspective on segments of the organization where risks emanate	Takes a broad perspective on overall organizational risks, both the positive and negative potential effects on the organization
Focus is on preventing loss within the business unit (tactical)	Focus is on lowering overall organizational risk, increasing sustainability and providing savings/value across the entire organization (strategic)
Manages uncertainties around physical and financial assets – mainly hazard and operational risk	Applies to all of an organization's risks (hazard, operational, financial, and strategic)
Solutions to mitigating risk based on each silo's expertise and decision-making skills	Solutions to mitigating risk based on strategy-setting across the entire organization

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Basic Risk Management Process

Step 1:

Identify risks & exposures

Step 2:

Analyze & Evaluate risks using RM methodology

Step 3:

Select and implement optimal Risk Treatment plan and determine how to measure effectiveness

Step 4:

Monitor & Control the risks

Note: **EXPOSURE** is the company's maximum potential for damages, or the extent to which the risk occurrence can have an effect on the organization (e.g. An exposure exists when an organization owns vehicles. The exposure increases with the ownership of a fleet of 500 vehicles). The **risk** is the probability of damage resulting from the vehicle(s) (e.g. An accident results in property damage and/or injury to persons, or a tornado strike damages the parked fleet of cars.)

Step 1: Identify Risks

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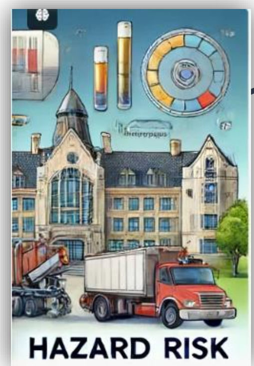
The purpose of risk identification is to find, recognize, and describe risks (uncertainties) that might **deter** the organization in achieving its objectives. Risk categorizes into these **Classifications**:



Hazard

Are there property, personnel or legal uncertainties?

Operational

Are there time, process, or resource parameters?

Financial

Are there budget & resource implications?

Strategic

Are there interdependencies with other strategic plans?

Step 1: Identify Risks

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Hazard Risk
- arises from property, liability & personnel exposures

Loss/No Loss

Operational Risk
- arises from people, processes, systems or controls

Property risk
Legal risk
Personnel risk
Consequential risk

People risk
IT risk
Management oversight
Business Processes

Pure Risks

Speculative Risks

Market risk
Credit risk
Price risk
Liquidity risk

Economic environment
Political environment
Demographics
Competition

Financial Risk
- arises from the effect of financial losses on assets or liabilities

Possibility of Gain

Strategic Risk
- arises from trends in the economy or society

Examples of Higher Education Risks

HAZARD

- Flooding
- Disease/epidemic
- Boiler explosion

OPERATIONAL

- Supply chain interruption
- Embezzlement
- Power failure

FINANCIAL

- Financial market instability
- Debt & credit ratings
- Fuel prices

STRATEGIC

- Labor contract issues
- Core degree program changes
- Changing demographics

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Step 1: Identify Risks

risk register - a matrix to record the likelihood of a scenario and its associated risks along with their probability, consequences, and impacts for the organization

− +

Note: risk identification isn't a one-time activity. *Organizations should monitor risks throughout the year, adding new ones as needed. Start each year with a formal risk identification to consider all new and existing risks on the risk register.*

Share risks (uncertainties with + or - effect on objectives)

URMIA Risk Inventory Examples

RISK AREA
Athletics program compliance
Equitable athletic experience
Acceptance of impaired real estate
Improper use of gifts
Inconsistent naming policies
Employee grievance procedures
Strategic workforce planning
Campus emergency preparation
Media and social media portrayals

Institutions of Higher Education share similar risk exposures with small to medium-sized cities or medium to large corporate organizations, including weather, fire, terrorism, HR, etc. However, IHEs also face unique risks specific to their industry.

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Tools from URMIA

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Competency Set #1: Risk Management Technical Skills

- Risk identification
- Risk analysis
- Risk control
- Risk financing and transfer
- Claims management
- Project management
- Technology integration
- Holistic risk perspective

Competency Set #2: Strategic Management

- Organizational and business acumen
- Strategic planning
- Fostering strategic alliances
- Change management

Competency Set #3: Inclusive Leadership

- Management
- Staff development
- Communication
- Self-awareness and self-management
- Relationship management
- Diversity, equity, inclusion, and belonging (DEIB) leadership skills

Competency Set #4: Organizational Engagement

- Understanding institutional operations
  - Academic affairs and accreditation
  - Athletics
  - Auxiliary operations
  - Campus safety and security
  - Capital projects
  - Compliance
  - Environmental health and safety
  - Facilities
  - Finance
  - Global operations
  - Governance
  - Human resources
  - Information technology and cyber security
  - Internal audit
  - Legal
  - Medical centers and teaching hospitals
  - Procurement
  - Research
  - Student affairs
  - Youth Programs

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URMIA Risk Inventory

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INTRODUCTION TO URMIA'S RISK INVENTORY

The URMIA Risk Inventory lists risks that are common to colleges and universities. URMIA provides this listing as an aid to member institutions in their risk identification process. Members can use the inventory as a starting point or to compare the risks the institution has identified to find missing issues. Institution-specific Risk Registers can be created for the entire institution as part of an enterprise risk management program or for specific departments or sectors of the institution and shared with those departments as part of the risk identification and management process. **The URMIA Risk Inventory may not be published in its original format, but member institutions may use it internally as a working document in the institution's risk assessment process. Please recognize URMIA as the original owner. 2024 Risk Inventory by URMIA is licensed under CC BY NC SA** (https://creativecommons.org/licenses/by-nc-sa/4.0/)

HOW TO USE: Risk Inventory

The "Risk Inventory" worksheet provides a list of risks common to colleges and universities, organized into 23 categories and sorted by five classifications (strategic, operational, reporting, compliance, and reputation). This inventory can be used to: review all risks of an institution at an enterprisewide level to see what risks have been identified, documented, mitigated or are not currently addressed within your institution; drill down to highlight specific risks facing different departments or sectors of the institution (such as research, student affairs, human resources, crisis management, etc.) and assess, manage and mitigate those department-specific risks; and communicate risk ownership by giving specific departments a starting point and risk identification tool so they are best equipped to communicate assessment, management and mitigation progress and needs to institutional risk management or higher levels of leadership.

Within the "Risk Inventory" worksheet, users can filter by column to view risks by category or by risk area. Users can also drill down to display only the risks faced at your institution by using the "Add to Risk Register?" column to create your own Risk Register (see directions below).

ORGANIZATION AND CLASSIFICATIONS

Within each of the 23 risk categories, risk areas are identified as circumstances that give rise to risk. The Risk Inventory lists "risk factors" related to each risk area that may make the circumstance more or less risky depending on the institution. Each risk area is further broken down into five classifications:

STRATEGIC	High-level goals, aligned with and supporting the mission
OPERATIONAL	Effective and efficient use of the institution's resources
REPORTING	Reliability of the institution's external and internal reporting
COMPLIANCE	The institution's compliance with applicable laws and regulations
REPUTATION	Damage caused by any of the prior four that spills over to how the university is valued or perceived

30 new risk areas added last year, updates will be announced at our annual conference

LATEST RISK INVENTORY UPDATES AND EMERGING RISKS

DATE OF CHANGE	CATEGORY	RISK AREA	RISK FACTORS	STRATEGIC	OPERATIONAL	REPORTING	COMPLIANCE	REPUTATION
8/10/2025	Artificial intelligence	AI errors	AI models can produce halluncinations which give the appearance of plausible answers, references, results, but that are completely made up, incorrect, or both		x			x
8/10/2025	Artificial intelligence	Compliance	Managing current and future government regulations and policies on AI use.				x	x
8/10/2025	Artificial intelligence	Data Bias	Bias and fairness Machine learning models are trained on existing datasets, which means that any bias in the data can skew results.		x	x		
8/10/2025	Artificial intelligence	Deceptive Pratices	AI models can produce inauthentic videos and images which can cause deception. Videos and images originating from an institution can damage reputations and sway opinion		x	x		x
8/10/2025	Artificial intelligence	Financial	Content devaluation when AI-generated works are treated as public domain material; reduced commercial value.		x			x
8/10/2025	Artificial intelligence	Goverance	Balancing the benefits of allowing various AI models (e.g. ChatGPT) for use in academia and college operations while ensuring the safety and integrity of the use. Goverance process must exercise due diligence, be methodical, but also be quick and responsive to change. Rapid change also makes careful, methodical assessments near-impossible.	x				x
8/10/2025	Artificial intelligence	Human Bias	Personal biases can lead to overlooking AI errors and overtrusting the output given from the models	x	x			
8/10/2025	Artificial intelligence	Human Error	Inadvertently entering private information in an AI model; regulatory challenges that could occur when private data is unlawfully used by an AI model.		x			

Fraud Example

CATEGORY	RISK AREA	RISK FACTORS
Financial	Liquidity,Cash Management	Availability of cash to meet current obligations
Financial	Litigation Management	Oversight of legal cases, cost-effective legal representation, reserve setting, settlement consideration and approval
Financial	Payroll	Timely payment, compliance with payroll laws (fair labor standards, IRS deposits, etc.), fraud (ghost employees, timekeeping), over/underpayment, inaccurate deductions, inaccurate paid time-off, data security, social security/IRS reporting, benefits/pension reporting.
Financial	Pension/Employee Benefits	Expense, compliance (federal regulations, ERISA, union contract), cost of management, accounting for liability, administrative errors, balance sheet liability

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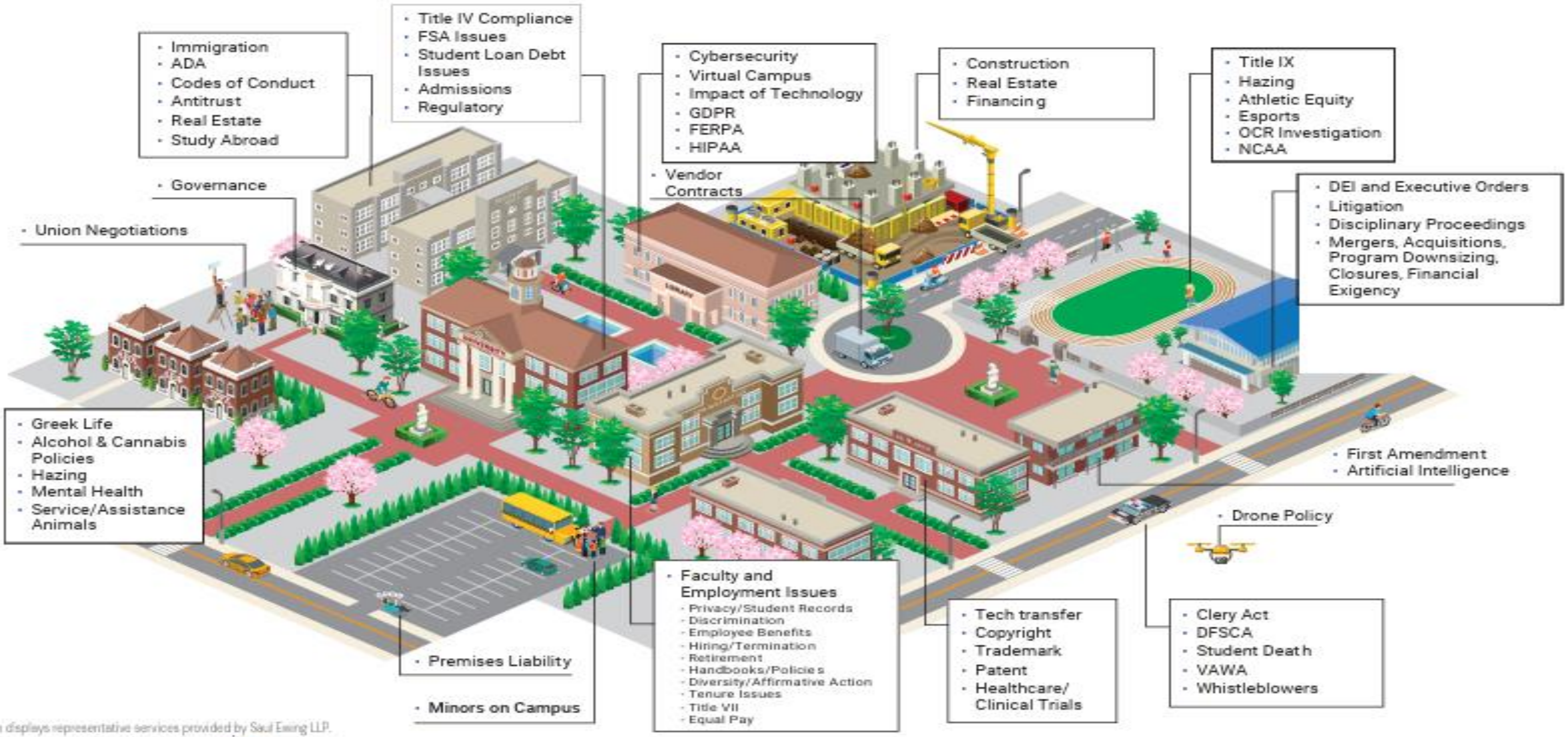
HIGHER EDUCATION PRACTICE

Covering Your Campus's Legal Issues



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For a full overview of our Higher Education Practice, click here.

https://www.saul.com/capabilities/industry/higher-education

ACTIVITY: KNOWLEDGE CHECK

Hazard
Involves uncertainties related to property, personnel, or legal issue

Operational
Concerns issues with time, processes, or resources that affect the organization's operations

Financial
Relates to budget constraints, funding problems, and resource allocation

Strategic
Involves risks that could impact the interdependencies or the alignment with the organization's strategic plans

Discussion Scenarios

1. Identify the risk classification type.
2. Discuss solutions to manage this particular risk.

Risk #1:	Risk #2:	Risk #3:
There are concerns about growing mental health issues among students (e.g. depression, anxiety, suicide, etc.). These issues could lead to an increase in violence, including self-harm or harm to others.	Campus crime and safety concerns, including sexual assault and property thefts, are posing challenges for college recruitment, retention, and productivity.	Impending *demographic cliff* in higher ed signifies a steep decline in college-age students from 2025, leading to lower enrollments, higher competition, and financial instability.

Hazard Risk, Financial Risk, Operational Risk, Strategic Risk

Step 2: Analyze Risks

Understand Basic Risk Measures

Exposure: any condition that presents a possibility of gain or loss, whether or not an actual loss occurs

Likelihood: a qualitative estimate of the certainty with which the outcome of a specific event can be predicted

Consequences: the effects, positive or negative, of an occurrence

Risk velocity: the speed at which a risk can impact an organization once it materializes

Time horizon: estimated duration

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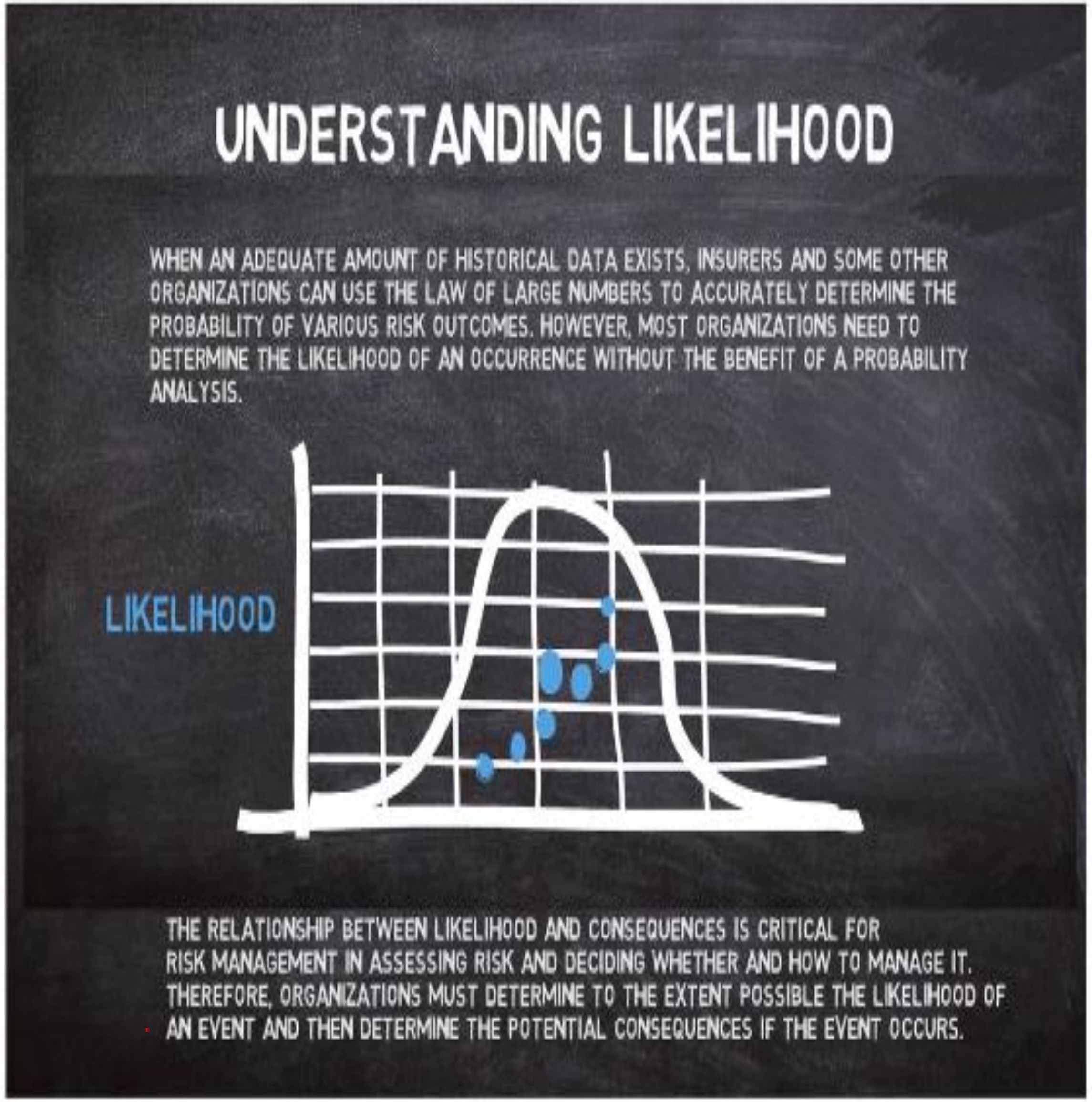
Step 2: Analyze Risks
Understanding Likelihood



The Law of Large Numbers is a concept in probability & statistics which states that the more losses of a similar-type you experience (frequency), the more predictable the total number and amount of future losses would be, for a given period.

Stated differently, as similar losses increase over time, they become more predictable.

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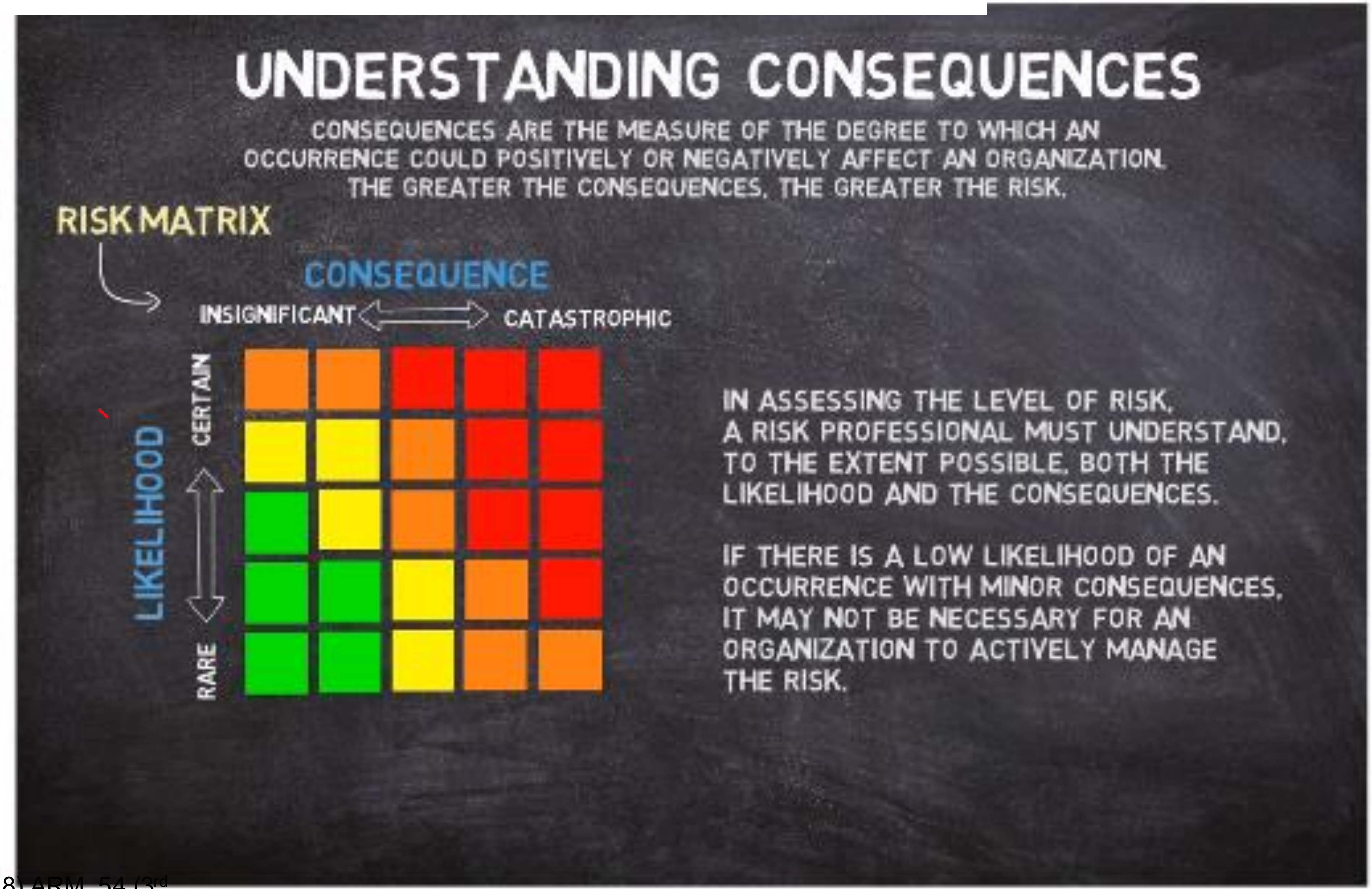
Step 2: Analyze Risks

Understanding Consequences



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Step 2: Analyze Risks

The purpose of risk analysis and evaluation is to understand the nature and characteristics of the risk, in order to support decisions about additional action that may be required.

Likelihood
Probability of risk event occurring

X

Consequence/ Impact
Magnitude of consequence if the risk occurs

=

***Severity**
Potential effect on organization

*** In the absence of any controls…more on that later**

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Step 2: Analyze Risks

Consider Qualitative Assessment, Quantitative Analysis (or a blend of both)

Risk Likelihood		
Rate	**Scale**	**Definition**
5	Very high	Certain to occur
4	High	Almost certain to occur
3	Moderate	May occur within the year
2	Low	Not likely to occur within the year
1	Very low	Not likely to occur within the next 10 years

Risk Impact or Consequence		
Rate	**Scale**	**Definition**
5	Very high	Program operations are threatened or significantly affected in the immediate & long term
4	High	Program operations I the immediate term are significantly reduced or impacted, long-term operations are potentially impaired
3	Moderate	Program operations avoid suspension or long-term impairment, but modifications to operations must be implemented
2	Low	Program impairments are limited to short-term consequences with few or no long-term effect; minimal change to current operations
1	Very low	Program remains mostly unchanged in the immediate or long-terms, but risk awareness and monitoring remains worthwhile

https://www.ucop.edu/enterprise-risk-and-resilience/erm/tools-templates/risk-assessment-toolbox-content/higher-education-risk-assessment-tool.html

Step 2: Analyze Risks

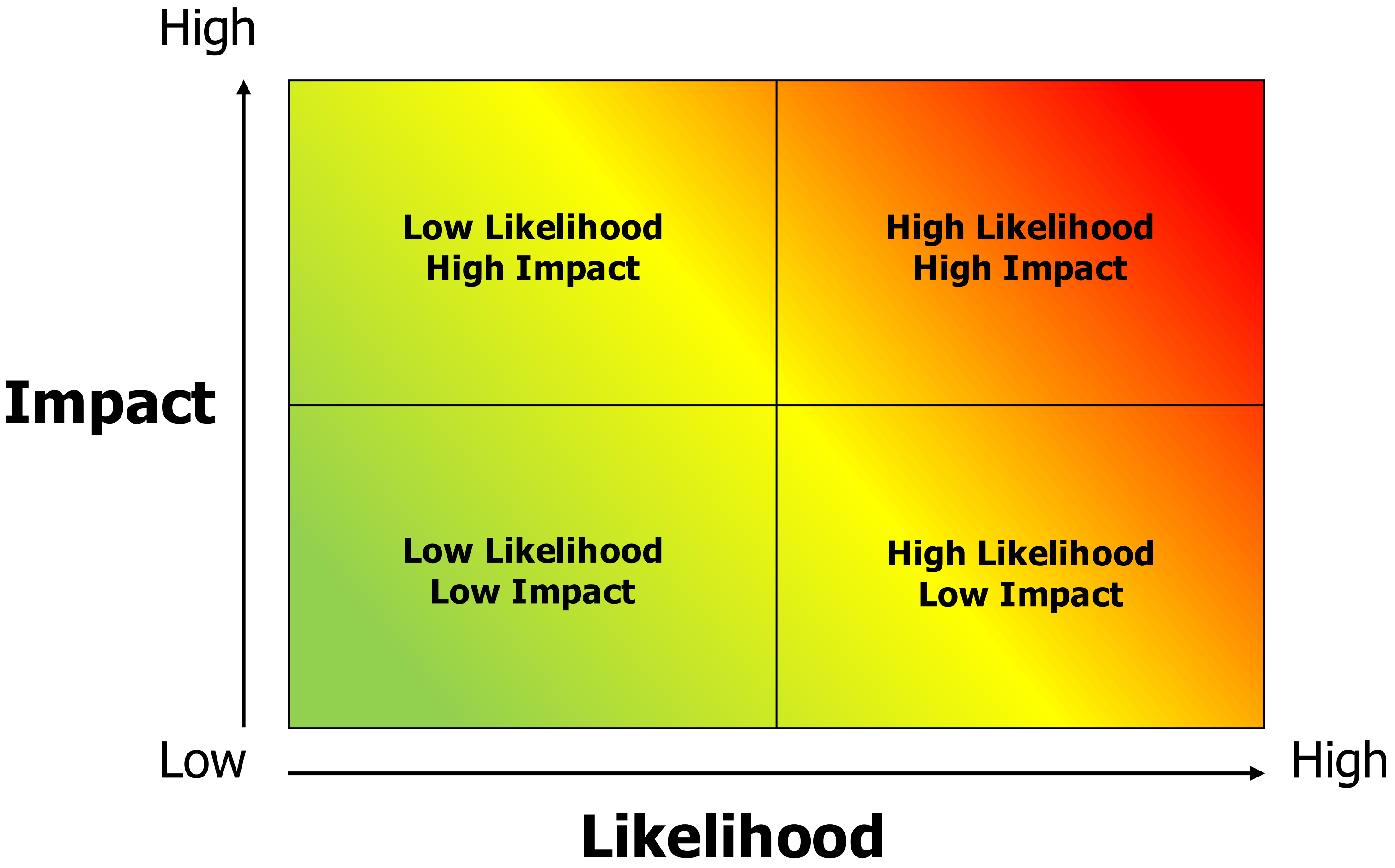
SAMPLE UNIVERSITY RISK REGISTER

Risk	Score*	Score Rating*
Athletics Program Compliance	8.00	Medium
Athletics Injury Response	3.00	Low
Lack of Athletics Success	9.00	High
Equitable Athletic Experience	20.00	High
Acceptance of Impaired Real Estate	10.00	High
Improper Use of Gifts	6.00	Medium
Inconsistent Naming Policies	6.00	Medium
Media and Social Media Portrayals	8.00	Medium
Fundraising Goals	3.00	Low
Alumni Program Vendors	4.00	Medium
Alumni Engagement	2.00	Low
Employee Discrimination and Harassment	12.00	High
Faculty and Staff Quality	3.00	Low
Employee Grievance Procedures	16.00	High
Hiring of Non-Effective or Disruptive Employees	9.00	High
Strategic Workforce Planning	15.00	High
Faculty and Staff Diversification	12.00	High

**Institutions decide on scale measures, based on preference.*

Step 2: Analyze Risks

Now, place the risks on the heat map based on likelihood and impact *(see Appendix A for scales)*



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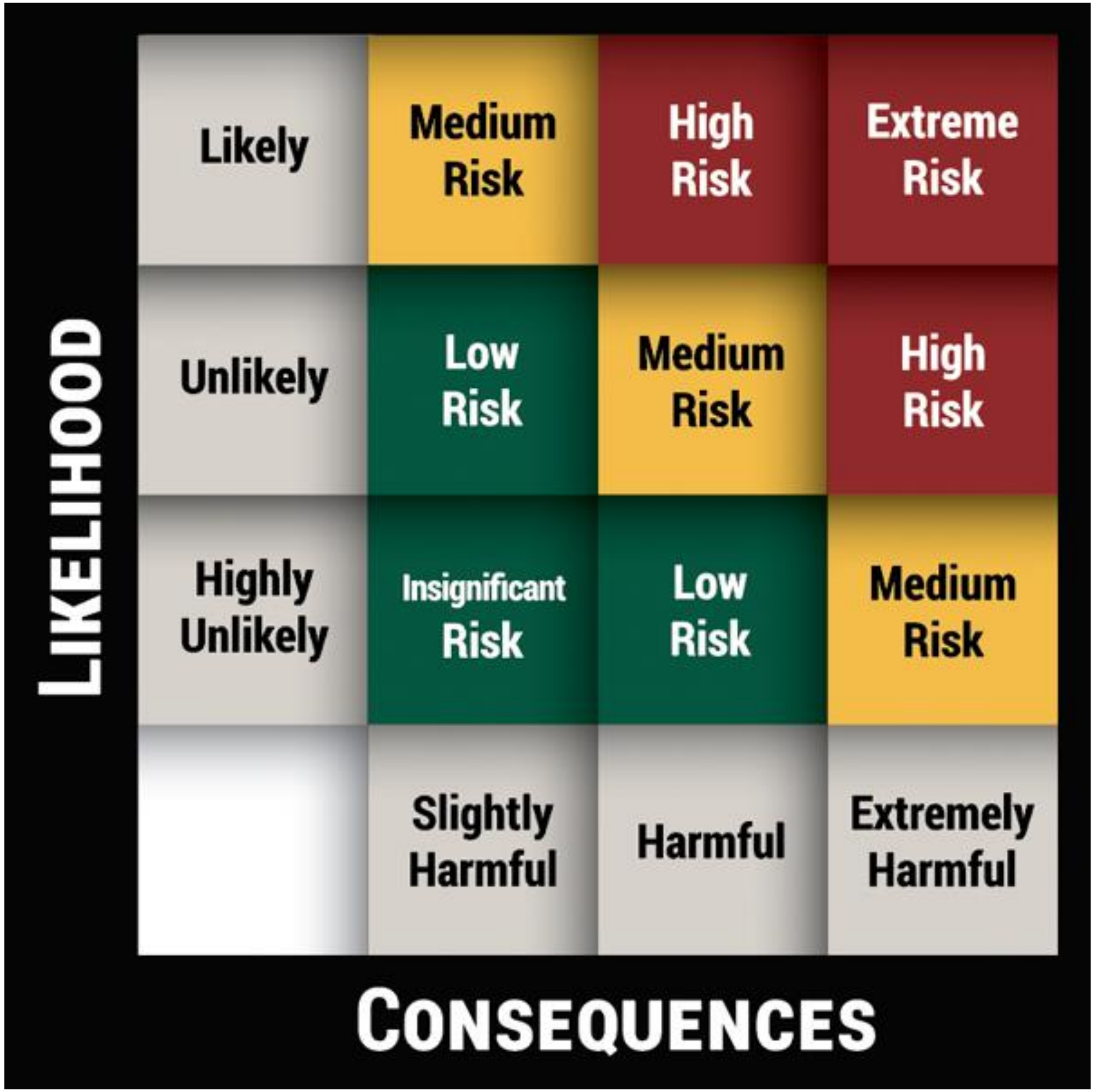
Heatmap Example



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Discussion Scenarios (continued)

#1: What is the likelihood of AND consequence of loss from an increasing rate of mental health issues among students?

#2: What is the likelihood of AND consequence of loss from an increase in campus safety incidents, including assaults, thefts and personal safety issues, among students and staff?

#3: What is the likelihood of AND consequence of loss from significant budget shortfalls due to decreased enrollment, higher competition, and lost revenues?

Likelihood

Rate	Scale	Definition
5	Very high	Certain to occur
4	High	Almost certain to occur
3	Moderate	May occur within the year
2	Low	Not likely to occur within the year
1	Very low	Not likely to occur within the next 10 years

Consequence

Rate	Scale	Definition
5	Very high	Program operations are threatened or significantly affected in the immediate & long term.
4	High	Program operations in the immediate term are significantly reduced or impacted, long-term operations are potentially impaired.
3	Moderate	Program operations avoid suspension or long-term impairment; modifications to operations are necessary.
2	Low	Program impairments are limited to short-term consequences with few or no long-term effect; minimal change to current operations.
1	Very low	Program remains mostly unchanged in the immediate or long-term; risk awareness and monitoring remains worthwhile.

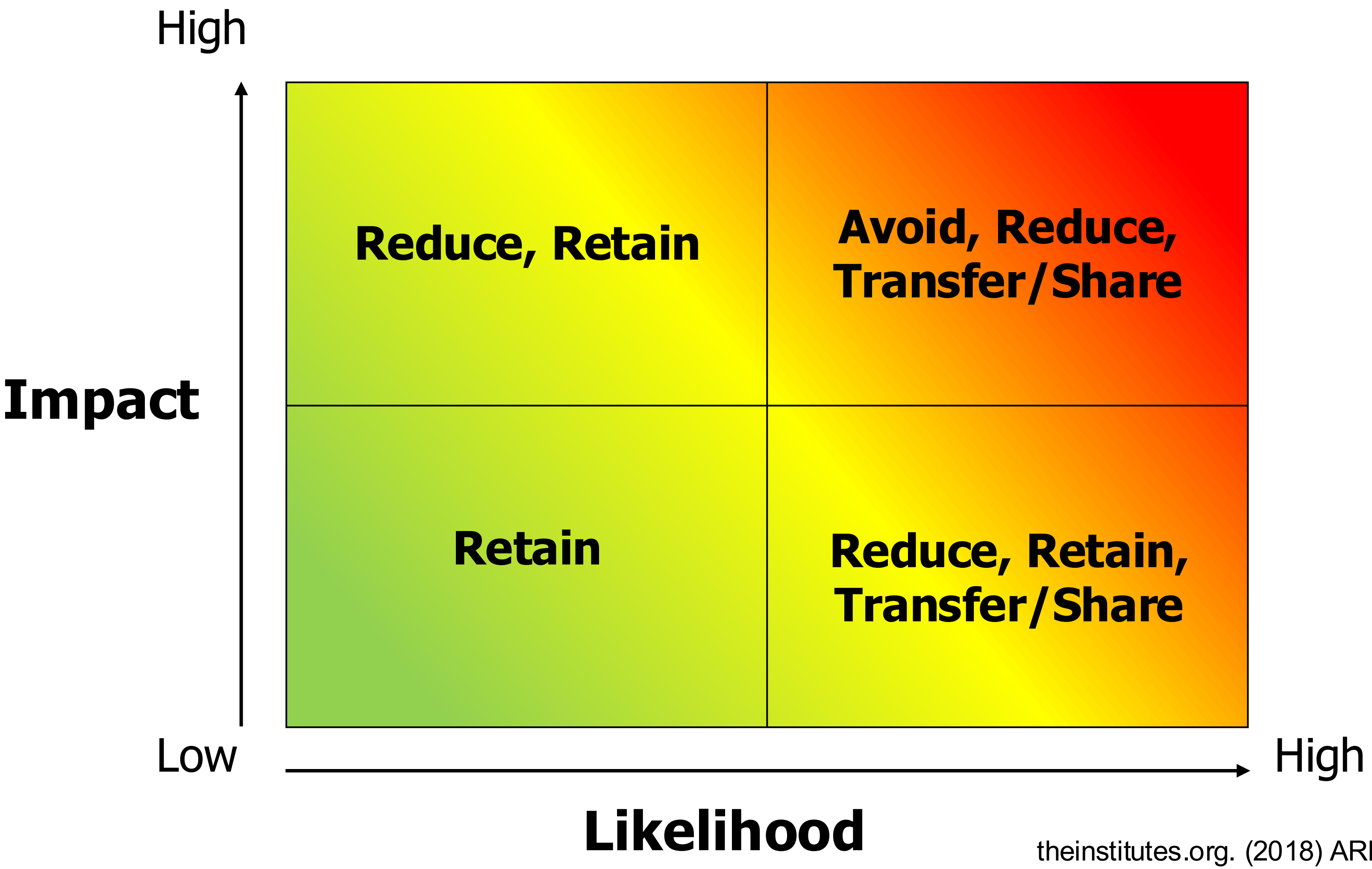
Step 3: Risk Treatment

The purpose of risk treatment is to select and implement options for addressing the risk, while balancing achievement of objectives, costs, and effort. Four primary treatment strategies:

RETAIN	REDUCE	TRANSFER /SHARE	AVOID
Make an informed decision that additional action is not required	Plan mitigation activities to change the likelihood or consequences	Execute contract, waiver, release and/or procure insurance	Remove the risk source or decide not to start or continue with the activity

Activity: RISK TREATMENT

Now, let's discuss risk treatment options of some of the risks you placed on the heat map.



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Step 3: Risk Treatment
RETAIN:

- **RETAIN** risk at its present level, taking no further action
- **SELF INSURE** risk through:
  - ✓ Internal charges to P&L (pay as you go)
  - ✓ Borrowed funds from external sources, should a specific even occur
  - ✓ Reserving losses (under accepted accounting principles)
    - Using a pure captive insurance company
    - Participation in a group or an industry captive
- **OFFSET** risk against others within a well-defined pool

Step 3: Risk Treatment
REDUCE/MITIGATE:

- **DISPERSE** financial, physical or information assets geographically to reduce risk of unacceptable catastrophic losses
- **CONTROL** risk through internal processes or actions that reduce the likelihood of undesirable events occurring to an acceptable level (as defined by management's risk tolerance)
- **DIVERSIFY** financial, physical, customer, employee/supplier and organizational asset holdings used by the firm's business model
- DIMINISH the magnitude of the activity that drives the risk
- IMPROVE capabilities to manage a desired exposure
- RELOCATE operations in order to transfer risk from one location, in which it cannot be well-managed, to another location in which it can
- REDESIGN the company's business model, i.e., its unique combination of assets and technologies for creating enterprise value

Step 3: Risk Treatment *TRANSFER/SHARE:*

- **INSURE** through a cost-effective contract with an independent, financially capable party under a well-defined risk strategy
- **OUTSOURCE** non-core processes (a viable risk transfer option only when risk is contractually transferred)
- **INDEMNIFY** risk by entering into contractual risk-sharing arrangements with independent financially capable parties
- REINSURE to reduce portfolio exposure through contracts with other insurers, when such arrangements are available
- TRANSFER risk and rewards of investing in new markets and products by entering into alliances or joint ventures

Step 3: Risk Treatment AVOID

- **DIVEST** by exiting a market or geographic area, or by selling, liquidating or spinning off a product group of business
- **PROHIBIT** unacceptably high-risk activities, transactions, financial losses and asset exposures through appropriate corporate policies, limit structures and standards
- **STOP** specific activities by redefining objectives, refocusing strategies and policies, or redirecting resources
- **ELIMINATE** at the source by designing and implementing internal preventive processes

Step 3: Risk Treatment - TRANSFER

A common method for transferring risks is through the purchase of **INSURANCE.**

Depending on the type of risk, there is often a specific insurance **coverage** available to address the particular risk exposure.

Step 3: Risk Treatment – TRANSFER

common types of insurance coverage

Property Insurance

Covers damage to property from perils including but not limited to fire, lightning, tornado, windstorm, hail, water, aircraft or vehicles, theft, vandalism.

Auto Physical Damage Insurance

Covers damage to the insured's motor vehicles arising from collision or comprehensive (theft, vandalism, hail, fire) losses. Typically covers rented or leased vehicles.

Step 3: Risk Treatment – TRANSFER

common types of insurance coverage

Drone/Aviation Insurance

Covers physical damage to drones, UAVs, and aircraft.

Fine Art Insurance

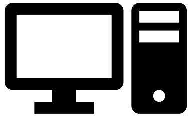
Provides broad “all risk” coverage for items ranging from visual arts like paintings and sculptures, to rare books, historical artifacts, archaeological specimens.

Step 3: Risk Treatment – TRANSFER

common types of insurance coverage

Crime/Fidelity Insurance

Provides coverage for loss of cash, goods, or securities caused by employee theft, embezzlement, forgery, funds transfer fraud, computer fraud, etc.



Cyber Risk Insurance

Provides coverage for first-party (the insured’s) expenses related to a data breach, such as notifying potential victims, offering credit monitoring subscriptions, business interruption losses, software/system recovery, and regulatory fines.

Step 3: Risk Treatment – TRANSFER

common types of insurance coverage

Builders' Risk Insurance

Provides coverage for loss to buildings in the course of construction. Also includes machinery, equipment, and materials used during construction.

International Travel Insurance

Provides coverage to authorized travelers for emergency medical care, emergency evacuation, repatriation, etc.

Step 3: Risk Treatment – TRANSFER

common types of insurance coverage

Workers' Compensation Insurance

Provides coverage to employees for injuries arising in the course of their employment. Coverage usually consists of payment of reasonable and related medical expenses and reimbursement of lost wages.

Commercial General Liability Insurance

Coverage for bodily injury, personal injury, and property damage caused by the business' operations, products, or injury that occurs on the business premises.

Step 3: Risk Treatment – TRANSFER

common types of insurance coverage

Auto Liability Insurance

Protects against financial loss due to liability for motor vehicle-related injuries or damage to others' property

Professional Errors and Omissions Liability Coverage

Coverage to pay for liability arising out of the performance of professional duties, tailored to the needs of a specific profession.

(e.g. architects, engineers, lawyers, medical professionals, and other professions requiring licensure or certification)

Step 3: Risk Treatment – TRANSFER

common types of insurance coverage

**Employment Practices Liability/
Educators Legal Liability**

Liability insurance for employers for claims arising from allegations of wrongful termination, unlawful discrimination, or sexual harassment.

Liquor Liability Insurance

Coverage for the liability of an entity involved in the retail sale of alcoholic beverages, or the serving of alcoholic beverages, to persons who have incurred bodily injury or property damage arising from an intoxicated person.

Step 3: Risk Treatment – TRANSFER

Key Terms

- **Premium:** the amount your entity pays for insurance coverage
- **Deductible:** the amount your entity will need to pay before the insurance policy covers the remaining claim balance
- **Endorsement:** A written agreement that changes the terms of an insurance policy by adding or subtracting coverage
- **Certificate of Insurance:** a piece of paper summarizing the most important elements of an insurance policy

Step 3: Risk Treatment – TRANSFER

Key Terms Cont'd

- **Insurer:** the insurance company who issues the insurance policy and agrees to pay for losses and provide covered benefit
- **Named Insured:** the person or business actually named in the insurance policy
- **Additional Insured:** usually refers to an outside person or entity added to the policy by an endorsement

Step 3: Risk Treatment – TRANSFER

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Potentially Problematic Language

- **Additional Insured Requirement:** the other party in a contract requires to be named as "Additional Insured"
  - Not usually permissible in state-administered self-insurance programs
  - In the commercial insurance sector, must be performed by policy endorsement

- **Waiver of Subrogation** prohibits an insurance carrier from recovering money they paid on a claim from a negligent third party; must be performed by policy endorsement.

Step 3: Risk Treatment – TRANSFER

Potentially Problematic Language Cont'd

- **Contractual Limitation of Liability:** clause or provision in a contract limiting the amount of potential damages that may be recovered for the negligent acts of a party. If enforceable, the clause "caps" the amount of potential damages.
- **Indemnification:** clause or provision in a contract that requires one party to indemnify (make whole), defend, and hold-harmless the other party from claims/lawsuits arising from the contract activity.

Activity: KNOWLEDGE CHECK (Q&A)

Step 4: ASSESS & MONITOR CONTROLS

I. To accurately determine its level of risk, an organization must examine the effectiveness of its current risk control measures.

II. The organization should verify whether each measure is capable of achieving the intended level of treatment or control and whether its effectiveness can be demonstrated when required. Verification depends on the existence of records and documentation of the control's performance in relation to the risk.

III. Control assessment can be quantitative, qualitative, or both.

Step 4: ASSESS & MONITOR CONTROLS

Key Indicators

The purpose of monitor and control is to assure and improve the quality and effectiveness of process design, implementation and outcomes. Two (2) key indicators:

KPI

Key Performance Indicator

Measures how well something is being done; performance of a specific activity at a predetermined level within a specific amount of time.

KRI

Key Risk Indicator

Provides early warning to identify a potential event or exposure that may harm continuity of the activity, project or mission.

Step 4: Assess & Monitor Controls

Metrics can be project, departmental or organizational in nature

Example of Approaches to Creating Metrics for a Risk Management Program

	BEHAVIORAL Often the most difficult to measure - intuition, what you're seeing, hearing from stakeholders	LEAD Logical; based on desired outcomes. Preliminary indicator of reaching desired outcomes.	LAG Logical; based on desired outcomes. Postliminary indicator of reaching desired outcomes
SATISFACTION How your customers feel when they interact with you (emotion).			RM Training Course Evaluation Results
UTILIZATION Logical; based on desired outcomes More utilization generally means stakeholders are receiving value	# of RM website visits/hits, etc.	# Enrolled in RM training classes	NEW Documented Risk Controls added 6 months post-training
VALUE Logical; based on desired outcomes Can include quantitative and qualitative data; should be scalable		Total Cost of Risk	

In three words or less, what do you hope to get out of this conference session?

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Did this conference session meet your hopes/expectations, as stated at the beginning?

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Thank you!

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