

GAEL DEDUCTIBLE PROGRAM AND PROCEDURE

Safety Services – Risk Management

A. Purpose

The purpose of this procedure is for individual departments to share financial responsibility of liability claim costs. These costs are generated by the actions or inactions of the departments responsible for the claim. The policy creates incentives for individual departments to implement best practices which are designed to reduce the overall risk of incurring liability claims.

The General, Auto, & Employment Liability (GAEL) deductible program is not designed to review departmental ‘fault’ on any given loss. However, there are many examples of high exposure employment liability claims where the responsible department could not have avoided the litigation. Employment Practice Liability losses will be reviewed by a committee to determine the appropriate charging of the deductible.

B. Policy

Campus departments will be charged a base 20% of the total claim paid amount. The base charge will be capped at \$50,000 per occurrence. Types of claims included are Auto Liability, General Liability, Employment Liability, and Professional Liability.

Open and recently closed claim inventory, known as Dashboards, will be reported on a quarterly basis to the department. Deductible values will be reconciled and billed semi-annually on a percentage basis against iVOS¹ Total Incurred² claim values.

Collected deductible funds will be used to pay down next year’s premium assessments.

¹ iVOS is a claims administration system under contract through our third party administrator, Sedgwick, for handling claims, and was created by the company, Ventiv.

² The sum of the paid claim value plus expenses.

C. Procedure

Upon notice of a claim or lawsuit, Risk Management will assign the loss to the appropriate campus department. This is done through iVOS, and will utilize the embedded location coding structure.

On a quarterly basis, Risk Management will produce and distribute a list of open and recently closed claims assigned to each department. A department may dispute the assignment of responsibility for any given loss to the Risk Manager within 60 days of receiving the open inventory report. The Risk Manager reviews the dispute with the original department, as well as any other department with potential responsibility. All representatives will work toward a reasonable and fair assignment of claim responsibility, including the potential to assign proportionate responsibility between two or more departments. The Risk Manager retains final authority for assignment of claim responsibility in the event involved parties cannot come to an agreement.

Risk Management will schedule coordination meetings for any lawsuit filed against a University representative. A representative from the department, to which responsibility was assigned, will attend the meeting for the purpose of understanding exposure, providing input on defense strategy, and making resources available, as needed, to the defense team. The Office of General Counsel retains final decision-making on litigation defense or compromise.

On a semi-annual basis, Risk Management will produce a report by department with both open and recently closed claims showing deductible due. Open claims will be charged 25% of the full deductible every six months for up to two years. If a claim is closed prior to two years, the remaining uncollected deductible will be due immediately. If the Total Incurred claim value changes during the two-year collection schedule, the amount collected at each interval will equal the total percentage up to that point (i.e. 50% at 12 months and 75% at 18 months, etc.). If a claim stays open beyond the two-year collection period, it will be reconciled every six months to reflect 100% of the total deductible due as measured against the then current Total Incurred claim value.