

SOP- RISK MANAGEMENT AND INSURANCE**SOP ID:** LIU-F-B-1005**POLICY TYPE:** FINANCE**RESPONSIBLE OFFICIAL TITLE:** VP FINANCE & TREASURER**RESPONSIBLE OFFICE:** BUDGET OFFICE**I. STANDARD OPERATING PROCEDURES****1. Purpose**

LIU seeks to minimize the risks inherent in its many and diverse academic and nonacademic programs. To this end, a strategic risk management program has been established and will be maintained within the Budget Office, to mitigate exposures and losses that may give rise to incidents associated with life safety, reputational, financial, operational and asset risk.

LIU is committed to a strong and active strategic risk management program, which includes, but is not limited to, selecting appropriate Risk Retention and Transfer mechanisms including budgeting and claims management in accordance with LIU's acceptable risk, and providing comprehensive insurance coverage appropriate to LIU's exposures. In addition, this SOP supports the use of industry best practices for conducting risk mitigation and monitoring programs to minimize hazards associated with conducting LIU's business.

2. Scope

The scope of this SOP is LIU's strategic risk management program, as maintained by the Budget Office within the Finance Division.

To provide transparency and visibility into this key area, the intended audience of this SOP is all LIU students, faculty and staff members.

3. Prerequisites

The following list of prerequisites should **not** be considered all-encompassing.

- Current LIU strategic plan document.
- Comprehensive understanding of LIU's current activities.
- Understanding of potential risks associated with LIU's current activities.
- Industry best practices for conducting risk mitigation and monitoring programs to minimize hazards.
- Comprehensive understanding of all current risk management/mitigation activities, including active insurance coverages and risk reduction programs.
- Comprehensive listings of all LIU assets (tangible and intangible)

4. Responsibilities

The following personnel play key roles in execution of this SOP:

- Finance Division Key Constituents

- **VP of Finance**-Overall executive sponsor; guides the risk mitigation process; communicates with senior leadership regarding activities which create risk and related mitigation strategies; makes final determination of appropriate risk mitigation strategies to be adopted.
- **Finance AVP/ Budget Director**-Overall process owner & manager; identification of activity-related risks; risk mitigation strategy selection; claim assessment; liaison with risk reduction program managers; liaison between LIU and Broker of Record; insurance evaluation & renewal management; provide proof of insurance coverage to all relevant parties.
- Other Key Constituents
 - **University Counsel**-Advise and assist with any litigated and potentially litigated matters.
 - **Division heads/Vice Presidents/Business unit owners**-Advise the Budget Office of any new activities or changes in existing activities, so such activities can be evaluated to determine if the activities create new risks and require additional mitigation strategies.
 - **Risk reduction program managers**-Execute assigned risk reduction programs as directed by the Budget Office; timely notification of any concerns or issues identified; maintain appropriate documentation of program completion to provide to other constituents and third parties as needed.
 - **All faculty, staff, contractors and volunteers:**
 - Report all incidents that may occur which may give rise to a claim, and cooperate with all investigations associated with such incidents or claims at the request of the Budget Office and/or other parties included in the investigation including but not limited to University Counsel, Law Enforcement, and Insurers or others as appropriate.
 - Complete training as needed to support risk reduction programs and loss prevention.
 - Provide institutional information as needed for insurance applications, surveys, and program development in a factual and accurate manner.

5. Procedure

The purpose of this SOP is to define the Budget Office as the primary office authorized office to purchase appropriate insurance coverage(s), on behalf of LIU and any of its programs.

The Budget Office will also consult with departments regarding student health insurance, conduct risk control programs in a manner consistent with best practices for life safety, reputational, financial, operational, and property asset risk mitigation, and will support departments in establishing risk reduction programs. This includes the assessment and selection of appropriate Broker of Record providers for all applicable insurance coverage(s) required or associated with conducting LIU's business.

Budget Office responsibilities also include the procurement of insurance, management of internal claims, through insurers. Internal functions associated with this policy include: risk management and insurance, environmental health and safety, and resilience and crisis management.

6. References

- LIU policies & procedures.

7. **Definitions**

LIU-Long Island University or the University.

Risk-As used in risk management and insurance literature and practice means: (1) the possibility of loss, (2) the probability of loss, (3) a peril, (4) a hazard, (5) the property or person exposed to damage or loss, (6) potential losses, (7) variation in potential losses, (8) and uncertainty concerning loss.

Risk Retention-The deductible or self-insured portion of a claim that the insured is responsible for.

Risk Mitigation-There are four commonly accepted strategies for an entity to mitigate the risks associated with a given activity:

- Risk Avoidance-Not engaging in the activity that creates the risk.
- Risk Transfer-Transferring the risk to a third party through a means to include the purchase of insurance, or through contractual risk transfer such as requiring the contractor to absorb the liability for their actions.
- Risk Acceptance-Accept the risk generated by the activity and proceed with the activity.
- Risk Reduction/Limitation-Proceed with the activity with additional actions taken to address potential risks/regulate risk exposure. Represents a combination of Risk Avoidance and Risk Acceptance.

Broker of Record-An insurance broker who has a license to obtain quotes for various insurance products and to sell insurance to the insured at the insured's direction.