

OSBHE FINANCIAL ADMINISTRATION STANDARD OPERATING MANUAL

This policy was developed prior to implementation of Banner FIS. Therefore, specific information related to the previous accounting system (FMS) is no longer relevant. This policy is made available on-line since certain general principles are still applicable. If you have questions, please contact the Controller's Division at (541) 737-3636 / cdwebmaster@ous.edu. Applicable sections of this policy will be transitioned to the new Fiscal Policy format as time and resources permit.

07.06 FOREIGN LIABILITY INSURANCE (Last Revised 05/87)

A PURPOSE

Insurance coverages provided by the State Insurance Fund and other insurance policies generally have low limits that may not provide adequate coverage for possible claims filed in foreign countries. The foreign liability insurance provides worldwide coverage for claims filed in countries other than the excluded countries listed in paragraph B[3]. A single policy is purchased by the Department of General Services to cover all state agencies.

B Coverage

[1] Losses Covered

The foreign liability insurance policy provides broad coverage including general liability, contractual liability, professional liability, personal injury, occupational injury or illness to foreign hires, property damage, and fire damage to rented or occupied property. Foreign liability insurance is supplemented by the State Insurance Fund.

[2] Personal Liability Coverage

The foreign liability insurance provides liability coverage for institutions, officers, employees and agents of the Department of Higher Education. The insurance carrier will defend and indemnify covered persons against claims arising out of their acts or omissions occurring either: (a) while acting within the scope of their employment or duties; or (b) in connection with their employment or duties while temporarily on leave of absence.

[3] Policy Territory

Coverage is provide worldwide except in the following excluded countries:

- The United States, its territories and possessions, and Puerto Rico
- Canada.
- Cuba.
- Mongolia, North Korea, Cambodia, Laos, Vietnam and Tibet.

[4] Amount of Insurance

Except as indicated in B[5] for certain Communist countries, the maximum coverage is:

- \$3,000,000 bodily injury and property damage for each occurrence. See paragraph C.
- \$3,000,000 personal injury for each occurrence. See paragraph D.
- \$1,000,000 for damages resulting from bodily injury, including death, caused by accident or disease of employees who are foreign nationals. See paragraph E.
- \$100,000,000 real property damage by fire. See paragraph F.

[5] Communist Countries

For an accident or incident occurring in the Communist countries of Albania, Bulgaria,

Czechoslovakia, German Democratic Republic (East Germany), Hungary, Peoples Republic of China, Poland, Romania, Soviet Union or Yugoslavia, coverage is limited to indemnification for losses arising from claims, and for costs incurred in defending suits. The maximum coverage for bodily injury liability and property damage liability is:

- \$3,000,000 each occurrence
- \$3,000,000 aggregate

C BODILY INJURY & PROPERTY DAMAGE COVERAGE

Accidental injury to a non-employee and damage to property other than owned or leased property are covered in accordance with the following paragraphs.

[1] Independent Contractors

Independent contractors are protected the same as employees for accidental bodily injury or property damage.

[2] Vehicle Accidents

Liability coverages on non-owned vehicles is automatic. Vehicles rented for a continuous period in excess of thirty (30) days are considered owned. Excess coverage is provided for owned vehicles. Commercial insurance that is standard for the particular country must be purchased for owned vehicles. The commercial insurance policy must have limits of not less than bodily injury \$10,000 each person, \$20,000 each occurrence and property damage \$5,000 each occurrence. Owned vehicles in foreign countries must be reported within 60 days.

[3] Watercraft Accidents

Bodily injury and property damage are covered on non-owned watercraft up to 26 feet long and 50 horsepower.

[4] Aircraft Accidents

Non-owned aircraft are covered when operated by an independent contractor.

[5] Performance of Contract/Agreement

Bodily injury or property damage incurred in the performance of a contract or agreement is covered only when a copy of the contract or agreement is provided to the Controller's Division within 90 days of the effective date.

D PERSONAL INJURY

The policy covers legally obligated damages arising out of any of the following offenses committed in the conduct of business, including offenses by the employer against an employee:

- False arrest, detention or imprisonment, or malicious prosecution.
- Libel, slander, defamation, or violation of right of privacy.
- Wrongful entry or eviction, or other invasion of right of private occupancy.

E EMPLOYER LIABILITY COVERAGE

Employer liability coverage is provided for employees hired or assigned to work in a covered country. The insurance covers bodily injuries caused by accident or disease arising out of and in the course of employment in operations connected with the employee's assignment.

[1] **Employees Covered**

This insurance applies to:

- **Third Country Nationals** working outside their country of origin.
- **Local Nationals** working within their country of origin.

[2] **Exclusions**

Obligations for which the Department of Higher Education may be liable under any national law are excluded. Worker's compensation, occupational disease, social security or similar coverage standard for the particular country must be purchased.

F **FIRE DAMAGE TO REAL PROPERTY**

Separate coverage is provided for accidental damage or destruction by fire of rented or occupied real property. Coverage includes the loss of use of the property. All rented or occupied property, including housing, commercial buildings and space in such buildings, must be reported to the Controller's Division.

G **EXCLUSIONS**

Foreign liability insurance does not apply to any of the following:

- Owned watercraft, aircraft, or property.
- Non-owned aircraft other than independent contractor owned aircraft.
- War, invasion, enemy acts, hostilities, mutiny, civil war, rebellion, revolution, insurrection or military overthrow.
- Release of pollutants or contaminants unless sudden, accidental and unexpected.
- Medical malpractice claims.

Some of the above exclusions are covered by the Insurance Fund. (See FASOM 07.03A[1], Claims Covered by Insurance Fund.)

H **REPORTING CHANGES IN INSURANCE NEEDS**

[1] **General**

Institution employees and agents must report to the Controller's Division certain transactions that may require an increase or decrease in insurance. Paragraph [2] and [3] identify types of transactions that must be reported.

[2] **Real Property**

Report the rental or occupancy of buildings including housing, commercial property and space in buildings, and termination of such rental or occupancy. The report should include the full address, value and square footage of the building or portion of building actually occupied.

[3] **Contracts and Agreements**

Report any contract or agreement within 90 days of the effective date, and termination of such contract or agreement. This includes charter bus agreements.

I **REPORTING ACCIDENTS & INCIDENTS**

[1] Report Contents

All potential claims must be promptly reported to the Controller's Division. The report should include all available pertinent information such as:

- Name and address of employee making the report.
- Details of accident such as: date and time; address or location; how it happened; names and addresses of persons involved; etc.
- Property damage: description of property; extent of damage; name and address of owner; estimate of repair or replacement cost.
- Injuries: names, ages and addresses of injured persons; injuries received; name and address of doctor or hospital.
- Vehicle description: trade name, style, year, license number, motor or serial number.
- Witness: name and address.
- Police investigation: name of officers(s); police station address.

[2] Processing Claims

The Controller's Division will prepare the initial report to the Department of General Services and the insurance carrier, and notify the institution of the branch office of the American Foreign Insurance Association that will handle the claim. Subsequent correspondence should be between the institutional foreign representative and the insurance company's branch office, with copies of transmittal letters to the institution and the Controller's Division.