

RISK MANAGEMENT POLICIES and PROCEDURES

OBJECTIVES

The Institute is exposed to various risks, which are either insured or uninsured, depending on the specific objectives being performed while fulfilling the Institute's Mission. Our goal is to identify the risks and determine if they may be avoided, reduced, spread, transferred or prevented. Having recognized the need, and taken the responsibility to preserve the Institute's resources, the following guidelines assist in managing the insurance and risks the Institute may encounter:

1. Achieve and maintain a reduced cost of risk (both insurance and self-insurance) without placing the Institute in a position of risk exposure that could have a significant impact on its financial security and it's Mission.
2. Evaluate and assess all risks of loss and need for insurance related to the specific performance objective.
3. Modify or eliminate identifiable conditions and practices which may cause loss whenever possible.
4. Purchased insurance coverage using the following guidelines:
 - While a competitive atmosphere is desired, continuity of relationship with insurance sources is advantageous and will be maintained unless there is a significant reason for making a change.
 - Selection is based on quality of protection, services provided, and cost.

AUTHORITY AND RESPONSIBILITIES

The *Risk Manager* has the responsibility for risk management activities at the Institute, and for:

1. Administer the property and liability risk management program on Campus (property and liability) and JPL (liability only) to all staff and faculty. Identify and evaluate the Institute's short and long-term risk exposures through coordination with Institute Legal Counsel, Internal Audit, Physical Plant, Student Affairs, Safety, JPL, insurance brokers and carriers.

Make recommendations to top management regarding the risk management program and related budget changes which have a significant impact on the Institute.

Build and manage working relationships with vendors, attorneys, brokers, insurers, consultants, insurance adjusters, staff and faculty.

Research and recommend selection of insurance brokers and claims administrators.

2. Act as technical expert to provide strategic overview of the risk management program. Develop, negotiate, and make recommendations on risk programs, policies, and premiums with Institute's insurance broker(s), including but not limited to property and casualty (employment practices liability, fiduciary liability, commercial general liability, directors and officers liability, etc) insurance for Caltech and all Named Insured.

Administer the annual policy renewals and applications throughout the year in a timely manner.

Review insurance policies for completeness of coverage and technical language.

3. Coordinate risk management and loss prevention activities on Campus and JPL. Monitor the loss control issues and recommendations from the insurers and communicate compliance with insurance broker and appropriate personnel.

Visit off-site locations for property owned by Caltech and monitor implementation of loss-control recommendations received from our Insurers.

4. Serve as technical resource to other staff. For example, provide risk advisory services to all levels of Campus and JPL employees on the issues, policies and procedures of the risk management process.

Propose new processes, procedures and policies to improve workflow which contribute to help meet the Institute's Mission. For example, develop, conduct and participate in the dissemination of risk advisory practices with the use of training and other communication media (for example, websites, newsletters, seminars, etc.).

Utilize internal and external resources to respond to unique questions and issues relating to claims, certificate of insurance requests, facility use, vehicle use, car rentals, vehicle sales, marine cargo/transit shipments, and Mexico vehicle insurance.

Review all Campus and JPL contracts/leases and recommend appropriate insurance requirements to ensure the Institute's needs are satisfied and protected. Issue or request certificates of insurance to ensure compliance with various contract requirements.

Develop and implement operating procedures to ensure risk is reviewed prior to entering into any contracts. For example, developed and added the risk management review procedure for all construction contracts entered into at the Institute.

Develop and maintain risk management policies and procedures to ensure the Institute's risks are mitigated.

5. Develop and manage the Insurance and Operational Budgets for the Risk Management Department. Provide operating projections along with recommendations regarding program and/or budget changes that have a major financial impact on the Institute to the Associate Vice President for Finance and Controller.

Manage and monitor broker and vendor payment accounts.

Maintain risk management information database and statement of property values.

6. Manage and administer the claims process and coverage-related disputes. Refer 3rd party claims to third-party adjuster and insurers as appropriate. Administer the 1st and 2nd party property and casualty claims with the use of a Risk Management Information Software database, for reporting, claims management, and trend analysis. Interface with Institute personnel in preparing loss documentation and claim submission.

Interface directly with in-house General Counsel on litigation claims and for litigation cost recovery from insurers.

7. Monitor industry practices, trends, and issues affecting the Risk Management operation. Conduct periodic benchmark studies for best practices in risk management and network with other risk management professionals and related organizations.

Keep abreast of the risk management issues facing colleges and universities by attending seminars and conferences. Propose and implement new processes, procedures, and policies to improve the Institute's risk assessment process.

RISK ASSESSMENT PROCESS AND GUIDING PRINCIPLES

Four Elements of the Risk Management Process	Guiding Principles
Risk Assessment	<ol style="list-style-type: none"> 1. Identify total assets and resources of organizations. 2. Identify major exposures to loss. 3. Calculate values of assets and resources. 4. Measure current risk. 5. Project and communicate future losses and potential risk.
Risk Control	<ol style="list-style-type: none"> 6. Support proactive risk and loss control programs. 7. Provide maximum incentive for participation in risk control program. 8. Monitor effectiveness of risk control activities.

Risk Financing	9. Finance risk, taking advantage of all available financial resources. 10. Maintain appropriate catastrophe protection.
Administration	11. Create and sustain management commitment to risk management. 12. Adopt a clearly defined risk management structure. 13. Develop clearly targeted annual objectives. 14. Maintain sound communications with all affected levels of management.