

Sierra College

ADMINISTRATIVE PROCEDURE

AP 6540

Insurance

Date Adopted:	06/12/1989
Date Revised:	04/24/2015
Date Reviewed:	04/24/2015
References:	Education Code Sections 70902, 72502, 72506, 81601 et seq.

The District shall maintain insurance including but not limited to the following:

- Liability insurance for damages for death, injury to person, or damage or loss of property.
- Liability insurance for the personal liability of the members of the Board of Trustees and of the officers and employees of the District for damages for death, injury to a person, or damage or loss of property caused by the negligent act or omission of the member, officer or employee when acting within the scope of his or her office or employment.
- Comprehensive liability insurance, including liability for operation of vehicles, covering members of the Board and the Officers and employees of the District, as required by Education Code Section 72506 and as permitted by Government Code Section 990.
- Fire insurance, including extended coverage and vandalism and malicious mischief, shall be carried on all building owned by the District and on the contents of all buildings owned or occupied by the District. Coverage of all property shall be carried on a replacement cost basis.
- Workers' Compensation insurance covering all employees of the District in accordance with the provisions of the Workers' Compensation Insurance and Safety Act of the State of California.
- District vehicle physical damage insurance including fire, theft, comprehensive and collision.
- Fidelity bonds or coverage provided by a joint power authority to protect the District against loss resulting from fraud or dishonesty of officers or employees.

- Physical loss coverage of District personal property including loss of money and securities.
- Boiler and pressure vessel insurance including inspection as required.
- Student intercollegiate athletic insurance as required by Education Code Section 32221.
- Coverage of student body organizations, including liability, Workers' Compensation, fire, and all physical loss and fidelity bonds.
- Such other insurance against "other perils" (Education Code Section 81601) as may be authorized by the Board.

The Superintendent/President or designee shall report to the Board the need for insurance, together with the relevant information, including coverage experience and costs for placing such insurance. Upon authorization, the Business Services Office shall place such insurance. In an emergency the Business Services Office may place insurance, and the Superintendent/President or designee shall report such placement for ratification by the Board.

Insurance may be obtained through negotiation, ~~or~~ competitive bids or membership in a joint powers agreement (JPA) and shall be awarded to those who contract to furnish the coverage required at the lowest and best price consistent with good service and financial security.

As authorized by Education Code Section 81602, the District may contract for investigative, administrative and claims adjustment services either directly or through a JPA. The contract may provide that the contracting firm or JPA may reject, settle, compromise and approve claims within limits and for amounts specified by the Board, including execution and issuing of checks in payment of such claims. The contract may also provide that the contracting firm or JPA may employ counsel.

Every two (2) years the District shall contract for an actuarial evaluation of the future annual costs of health and welfare benefits and report the findings to the Board.

Valuation of District property for insurance purposes shall be based upon appraisal by a commercial appraisal service. The appraisal service shall update values every five (5) years to reflect changes in replacement costs. Records shall be maintained listing all pertinent data necessary to establish value of District properties for insurance or loss adjustment purposes.

Demands on payment of insurance premiums based on orders duly authorized and issued shall be paid in the same manner as other demands against the funds of the District.

Insurance policies shall be cancelled when deemed advisable and unearned premiums returned for deposit except that Board required coverage shall be maintained.

Insurance records and information shall be maintained in the Business Services Office and shall include subject of the insurance, insurance providers, agents, JPA's or brokers through whom policies are written, premiums and rates, experience, and property values.

The Superintendent/President shall prepare an annual information report to the Board covering the status of the district insurance program as of the beginning of each fiscal year.

Specific provisions apply for construction project fire insurance.

- Fire insurance shall be carried on new buildings or other structures constructed under contract only upon acceptance of the completed contract by the Board.
- During the performance of contracts for alterations, additions, repairs, reconstruction, rehabilitation, or other work in or on existing buildings, fire insurance including extended coverage and vandalism and malicious mischief shall be carried by the District.
- Specifications for alterations or new construction shall contain provisions in accordance with this section.

Accident reports and claim procedures involving property and/or casualty losses (see Administrative Procedure 3810) shall include the following:

- A written report of any accident occurring on District premises or involved with District activities resulting in injury to person or property shall be submitted to the Business Services Office of the District.
- Any communication, claim or written demand concerning an accident involving the District shall be forwarded immediately to the Business Services Office. The Business Services Office will make such acknowledgement as is deemed appropriate, report receipt of the claim in the Board correspondence, and forward the claim to the liability insurance carrier of the District.
- On receipt of notice from the liability insurance carrier of the District that a claim is to be rejected, the Superintendent/President shall make such recommendation to the Board and on approval by the Board, shall so notify the claimant.

See Board Policy 6540.