

**CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
UNIVERSITY STUDENT UNION**

**Risk Management Policy**

**SUBJECT:** Risk Management Policy & Procedure

**REFERENCE:**

- CSU Executive Order 1087 California State University Risk Management Authority
- CSU Executive Order 1069 Risk Management and Public Safety, March 01, 2012
- CSU HR 2017-17 Background Check Policy, December 21, 2017
- RM 2012-01 Technical Letter Re: CSU Insurance Requirements, June 01, 2012
- RM 2011-05 Technical Letter Re: CSU Campus Risk Management Policy, March 01, 2012
- CSUN Policy No 725-30 Risk Management, 04/01/2008
- Insurance Requirements in Contracts, a Procedures Manual, March 2018
- USU Contract Policy & Procedure
- USU Alcohol Service Policy, August 28, 2017

**POLICY**

The policy of the University Student Union (USU) is to conduct programs and activities that do not pose an unreasonable risk of injury or loss.

The purpose of the USU Risk Management process is to develop proactive programs that will reduce the frequency and severity of incidents leading to injury and loss and to minimize associated costs.

Auxiliary organizations are required to develop programs to manage risk related to activities in which the organizations are engaged. The CSU has established a joint powers agency to operate a variety of risk management programs. This program includes features that enable auxiliary organizations to obtain insurance coverage at reasonable rates.

A risk assessment must be performed for any contractor unable to meet the USU's minimum insurance requirements. The purpose of the risk assessment is to determine if it is acceptable for the USU to assume risk that would normally be assumed by the contractor. The Risk Assessment form must be approved by a USU management team member.

The USU Executive Director/designee is authorized to approve limited exceptions to this policy that must be documented in writing.

*Recommended for approval by the Finance Committee on November 20, 2019.*

*Approved by the Board of Directors on December 02, 2019.*

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**RISK MANAGEMENT PROCEDURES\***

*The risk management procedures described herein apply to contractors who provide services; to clients who make short-term space rentals throughout the US; and for tenants who rent space on an annual basis.*

**USU Risk Management Responsibilities**

It is the responsibility of the USU management team to ensure USU employees involved in the risk management process are familiar with this policy. The USU management team will ensure that risk management obligations in contracts documents are monitored and implemented.

USU department managers and employees are responsible for adhering to USU risk management procedures and for notifying their supervisor or their management team member when potential conflicts with USU policy and procedures may arise.

**Consultation with the CSUN Risk Manager & USU Insurance Brokers**

The USU will consult with the CSUN Risk Manager when potential conflicts with campus risk management policies or procedures arise. In addition, the CSUN Risk Manager and the USU's insurance brokers will be consulted when high-risk activities may be involved. The CSUN Risk Manager and the USU's insurance brokers are experts in risk management and are able to advise the USU on how to mitigate risks when engaging in high-risk activities.

**Risk Assessment Methodology**

The following methodology will be used to identify and manage risks that may affect the USU:

- 1. Identification of Risk:** Conduct a systematic review of an activity or event to determine the potential risk to life or property that could result through negligence or accident.
- 2. Evaluation of Risk:** Examine the event or activity to determine the seriousness of the loss exposure and methods to mitigate the exposure.
- 3. Selection of the Best Risk Management Technique:** After a risk has been identified and evaluated, a risk management technique or combination of techniques is selected to minimize the probability of loss or the severity of loss. Techniques may include the use of waivers; additional insurance; training; or modification of the event.
- 4. Implementation of the Best Risk Management Technique:** Once the best risk management technique is selected, the USU management team will ensure that it is implemented.
- 5. Monitor and Evaluate the Results:** The USU management team will continually monitor and evaluate the effectiveness of chosen risk management techniques. As part of this process, risk management techniques may be modified to improve risk mitigation or to limit impact on campus event or activity.

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**Risk Transfer**

The USU will actively engage in transferring the risk of accidental loss accruing through its contractual relationships by requiring the contractor to assume the USU's liability arising out of the contractor's negligent delivery of products, services, or activities.

**Risk transfer is achieved by adhering to the following steps:**

**1. Analyze the Risks & Relationships**

- a. Review the scope of work, persons capable of completing it successfully, and the relationship that contractor will have with the USU and campus.
- b. Ask the question "What could go wrong?"

**2. Use a Hold Harmless or Indemnity Agreement**

- a. A Hold Harmless/General Indemnity is the contractor's promise to pay for claims caused, wholly or in part, by its activities.
- b. A Hold Harmless/General Indemnity agreement shifts responsibility for loss or damage arising from the activities agreed to in a contract from the USU to the contractor. This allows the USU to send a claim from a damaged third party for defense and indemnity by the contractor directly to the contractor's insurer.

**3. Select the Proper Insurance Requirements**

- a. Requiring insurance ensures the contractor will have the money to deliver on its promise, through the Hold Harmless agreement, to pay for claims caused by its activities. Therefore, it is important to require the proper type of insurance in sufficient amounts to protect the USU and the campus from loss.
- b. The best practice is to inform contractors of the insurance requirements early in the contracting process in order to obtain the required certificates of insurance, additional insured endorsements, and other insurance forms in a timely manner before work commences.

**4. Verify Coverage**

- a. Review the Certificate of Insurance (COI) and Additional Insured Endorsement (AI) to ensure they are fully completed, signed by an appropriate authorized party, and that no items have been crossed out or altered.
- b. Take note of the policy expiration date to ensure the policies are in force during the time work is being performed.
- c. Save the signed forms indefinitely since claims may be presented many years after work is completed.

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**5. Report Claims Promptly**

- a. First, report claims directly to the contractor's insurer immediately copying the insurance contractor's insurance agent. Second, notify the USU's insurance broker.

**Certificates of Insurance (COI) & Verification of Coverage**

Certificates of insurance must be obtained from contractors to show evidence of meeting minimum insurance coverage requirements. Most insurance certificates state, "The certificate is issued as a matter of information only and confer no rights on the USU as the Certificate Holder". The certificate of insurance does not amend, extend, or alter the coverage afforded by the policies listed in the certificate.

The contractor shall furnish the USU with original certificates of insurance and additional insured endorsements or copies of the applicable policy language effecting coverage. All certificates and endorsements are to be received and approved by the USU before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The USU reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Contractors shall, procure and maintain for the duration of any contract with the USU, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work and the results of that work by the Contractor, his agents, representatives, employees or subcontractors.

**Minimum Insurance Requirements**

**1. Commercial General Liability (CGL)**

On an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$2,000,000 per occurrence. The general aggregate limit shall be at least twice the required per occurrence limit.

**2. Automobile Liability**

\$1,000,000 per accident for bodily injury and property damage.

**3. Workers' Compensation**

As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

**4. Professional Liability/Errors and Omissions (If applicable)**

Insurance appropriate to the Contractor's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

Professional liability insurance coverage is normally required if the Contractor is providing a professional service regulated by the state. Examples of service providers regulated by the state are insurance agents, professional architects and engineers, doctors, certified public accountants, and lawyers. However, other professional Contractors, such as computer or software designers,

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technology services, and other service providers such as claims administrators, should also have professional liability.

**5. Technology Professional Liability Errors and Omissions Insurance (if applicable)**

Appropriate to the Consultant's profession and work with limits not less than \$2,000,000 per occurrence. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by the Vendor in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, copyright, trademark, invasion of privacy violations, information theft, release of private information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.

- a. The Policy shall include, or be endorsed to include, *property damage liability coverage* for damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of the Agency in the care, custody, or control of the Contractor. If not covered under the Contractor's liability policy, such "property" coverage of the Agency may be endorsed onto the Contractor's Cyber Liability Policy as covered property as follows:
- b. **Cyber Liability Coverage** in an amount sufficient to cover the full replacement value of damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of the USU that will be in the care, custody, or control of Contractor.

**Access to Full Coverage and to the Full Limits of Insurance**

The USU is entitled to the maximum coverage and full limits of insurance that a contractor specifies in their certificate of insurance. The following language is included in USU's contracts in order to document access to maximum coverage and full limits of insurance:

*The Insurance obligations under this agreement shall be the greatest of (1) all the Insurance coverage and limits carried by or available to the Contractor or (2) the minimum insurance requirements shown in this agreement. Any insurance proceeds in excess of the specified limits and coverage required, which are applicable to a given loss, shall be available to USU. No representation is made that the minimum insurance requirements of this agreement are sufficient to cover the indemnity or other obligations of the Contractor under this agreement.*

The USU would have access to the maximum limits of the contractor's general liability umbrella policy specified in their certificate of insurance. For example, if the contractor provides umbrella insurance for \$4,000,000 specified in their certificate of insurance, the USU would have access to up to the \$4,000,000 limit.

In addition, the USU would have access to the contractor's full maximum insurance limits specified in the certificate of insurance. For example, the minimum general liability requirement specified in USU contracts is \$1,000,000 per occurrence. However, if the contractor provides \$2,000,000 per occurrence, the USU is entitled to the higher \$2,000,000 limit.

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**Other Insurance Provisions**

The insurance policies are to contain, or be endorsed to contain, the following provisions:

**1. Additional Insured Status**

**The University Student Union of California State University Northridge, the State of California, Board of Trustees of the California State University, CSU and California State University, Northridge and their respective officers, officials, employees, and volunteers** are to be covered as additional insureds on the commercial general liability policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance.

- a. Additional Insured Certificates come in many different formats. The two most common additional insured certificate formats are titled (1) Additional Insured – Designated Person or Organization or (2) Additional Insured – Owners, Lessees, or Contractors – Completed Operations.
- b. An additional insured certificate for completed operations is essential for any contract for maintenance and repairs. An Additional Insured Certificate – Designated Person or Organization only protects the USU for any incident that occurs during the dates when maintenance and repairs are performed. The Additional Insured Certificate protects the USU for any injuries because of the repair and maintenance even after the dates the repairs and maintenance were completed.

For example, a contractor makes a repair to a machine on October 1. On October 5, an employee is injured using the machine due to a faulty repair job. The Additional Insured Certificate – Designated Person or Organization protects the USU from injuries caused by a faulty repair only on the specific day the repair was completed e.g. October 1. The Additional Insured Certificate – Completed Operations protects the USU for any injuries caused by a faulty repair after the date the repair was completed e.g. October 5.

**2. Primary Coverage**

For any claims related to this contract, the Contractor's insurance coverage shall be primary insurance coverage with respect to the USU, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the USU, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

**3. Notice of Cancellation**

Each insurance policy provided in a certificate of insurance shall provide coverage that shall not be canceled unless the USU is notified in advance.

**4. Waiver of Subrogation (Transfer of Rights from Recovery to the Contractor)**

The contractor grants the USU a waiver of any right to subrogation that any insurer of the Contractor may acquire against the USU by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the USU has received a waiver of subrogation endorsement from the insurer.

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#### 5. Self-Insured Retentions

Self-insured retentions must be declared to and approved by the USU. The USU may require the Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

#### 6. Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's Financial Strength Rating of no less than A- and a Financial Size Category Rating of no less than Roman Numeral VII, **unless otherwise acceptable to the USU.**

#### 7. Claims Made Policies (Applicable to Professional Liability policies Only)

If any of the required policies provide claims-made coverage:

- a. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
- b. Insurance must be maintained, and evidence of insurance must be provided *for at least five (5) Years after completion of the contract of work.*
- c. If coverage is canceled or non-renewed, and not replaced *with another claims-made policy form with a Retroactive Date prior to* the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of *five (5) years* after completion of work.

#### 8. Subcontractor Insurance

The contractor shall ensure that its subcontractors are covered by insurance of the types required by this policy, and that the amount of insurance for each subcontractor is appropriate for that subcontractor's work. Contractor shall not allow any subcontractor to commence work on its subcontract until the insurance has been obtained, and approved by the USU. Only the Contractor and its hazardous materials subcontractor(s) shall have the coverage for projects involving hazardous materials.

#### Special Insurance Situations

The USU reserves the right to modify minimum insurance requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Occasionally, the USU will enter into contracts with private individuals. A common example is a short-term rental of a meeting room for private usage. The USU may also enter into a contract with a fitness instructor. As private individuals and some small organizations do not normally purchase commercial liability insurance, other forms of financial guarantee may be needed.

#### 1. Fitness Instructors

The USU offers a wide variety of recreational classes and programs. While many of these activities are considered low risk, many are not. It is recommended that the USU require a written contract containing a scope of work, with a hold harmless in favor of the USU and a waiver of claims against the USU. For high-risk activities and full-time instructors, it is recommended that

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the USU also require general liability coverage with additional insured protection or homeowner's liability insurance if the instructor does not have a separate general liability policy.

#### **2. Short Term Rentals**

Off campus groups and private individuals, renting space through Reservations & Event Services or the Student Recreation Center must meet the same insurance requirements as USU contactors outlined in this policy. A risk assessment must be performed for any off-campus group that is unable to show evidence of meeting the USU's minimum insurance requirements.

Since many off-campus groups and individuals do not carry general liability insurance, the use of their homeowner's insurance is an acceptable alternative to general liability insurance. The off-campus group or individual can request that their homeowner insurance policy representative add the USU as an additional insured to their policy.

One possible alternative to endorsement on a homeowner's policy is to require the purchase of Special Event coverage. For those organizations that frequently rent or lease facilities, Special Event coverage may be attractive. Coverage is negotiated by the USU, and a master policy is issued to the USU by the insurer.

Each short-term renter applies for and pays the premium on coverage for the special event. The insurer issues a binder for that event only. Coverage applies to the event holder as well as the USU. The advantage of Special Event coverage is that the USU can determine coverage and limits. Contact your risk management advisor for information concerning the availability of a Special Events insurance program for the USU.

The serving of alcohol by a caterer for a client renting a room must be approved by the USU Executive Director/designee in accordance with the Alcohol Service Policy. The University Corporation (TUC) is the only entity allowed to sell alcohol on campus. A client that is approved to have a caterer *serve* alcohol at their event must have a catering permit (Alcohol Beverage Control License 58). In addition, the caterer must show proof of liquor liability insurance.

#### **3. Short Term Rentals Involving Children and Minors**

There may be short-term rentals where children and minors may attend. Any short-term rental, reserved through Reservations & Event Services or the Student Recreation Center, where services are "provided for and/or directly works with children and minors", may require, in addition to proof of general liability insurance, proof of Sexual Molestation Liability (SML) insurance and background checks for those who work directly with minors and children.

SML may be included as part of a general liability policy or it may be a separate stand-alone policy. Criminal background checks are required for any individual who "provides services for and/or directly works with children and minors".

The requirement for SML and background checks is included as a clause in the Terms of Reservation Agreement for reservations where services are provided for and/or directly works with children and minors.



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**4. Carnival Rides**

Carnival rides are considered high-risk activities. Therefore, the USU requires additional financial protection above the minimum insurance requirements for general liability insurance. The recommended minimum levels of insurance are \$2,000,000 per occurrence and \$5,000,000 general aggregate. In addition, umbrella general liability with a minimum coverage of \$4,000,000 is recommended.

Each carnival ride contractor is required to provide to the USU a current inspection Amusement Ride Field Report issued by the California Department of Industrial Relations, Division of Occupational Safety & Health, Amusement Ride Section, for each ride the USU is procuring from the contractor. This field report is a confirmation that the ride has been inspected by the Department of Industrial Relations and that the ride meets all safety regulations. Without a current field report, the ride cannot be procured for any USU event or activity.

**5. Student Clubs & Organizations**

AORMA established a Club Liability Insurance Program (CLIP) for all officially recognized clubs and organizations on CSU campuses. Activities of all fraternal organizations, even academic fraternal organizations are excluded from CLIP coverage.

CLIP provides the USU up to \$1,000,000 protection for each loss and a \$5,000,000 aggregate. Coverages include damage to property, assault coverage, medical payments, first aid expenses, and a defendant expense benefit.

Coverage *excludes* alcohol furnished at club activities and events unless served by a licensed third party. Automobile liability, hazing, intentional discrimination, and injuries from participating in athletic activities are also major exclusions.

Prior to signing any contract with a student club, the USU must obtain confirmation from either the Matador Involvement Center or the Campus Risk Management department that the club is officially recognized.

A certificate of insurance and an additional insured certificate is required from CLIP for a recognized club if the club's activities are considered higher than normal risk as determined by the Associate Director, Accounting & Finance or another management team member. AORMA will supply the certificate of insurance and additional insured certificate upon (1) receiving a copy of the contract between the USU and the club for their review and (2) verification that the club is an officially recognized club.

**Risk Management Procedures for Food & Beverage Contractors**

*Note: This section does not apply to prepackaged food as described in the USU Food & Beverage Policy & Procedure.*

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**1. Contractors: Off-Campus Caterers**

An off-campus caterer is defined as a food and beverage contractor who physically comes on to the USU's or CSUN's premises to prepare and/or serve food. The following documentation is required before a caterer is allowed to come on campus to prepare food and serve food and beverages:

- a. An approved Contract for General & Professional Services
- b. Purchase Order
- c. Proof of meeting USU minimum insurance requirements
- d. Current Health Operating Permit (HOP) from the County Department of Health where the caterer's business resides
- e. A minimum rating of an "A" from the County Department of Health. Ratings for caterers and food and beverage providers in Los Angeles County can be obtained online at <http://publichealth.lacounty.gov/rating/>.\*

*\*Note: Only caterers that have physical eating establishment locations may have health ratings.*

**2. Reservations & Event Services Clients: Off-Campus Caterers**

The following documentation is required before a caterer, hired by a Reservations & Event Services client, is allowed to come on campus to serve food and beverages:

- a. An approved Terms of Reservation Agreement
- b. Proof of meeting USU minimum insurance requirements
- c. Current Health Operating Permit (HOP) from the County Department of Health where the caterer's business resides.
- d. A minimum rating of an "A" from the County Department of Health. Ratings for caterers and food and beverage providers in Los Angeles County can be obtained online at <http://publichealth.lacounty.gov/rating/>. **Note:** Only caterers that have physical eating establishments will have a rating.

*Exception: if the client utilizes the catering services of The University Corporation, the only document required is the approved Terms of Reservation Agreement.*

**3. Contractors: Non-Catered Food**

The USU does not require that food and beverage contractors meet minimum insurance requirements for food that is either delivered to the USU or picked up by a USU staff member at the supplier's place of business. This applies to food and beverages purchased for student-oriented events and internal staff trainings. Once food is delivered or picked up by a staff member, any risk for damages potentially caused by the food may be transferred to the USU from the food and beverage contractor.

The required documentation is proof that the food supplier has a minimum "A" rating from the County Department of Health in which the contractor has their place of business. Proof of the supplier's rating must be attached to any contractor invoice, check request, American Express receipt, or petty cash receipt.

The use of the corporate credit card to purchase food for student-oriented events and internal staff is strongly recommended. In addition, the best practice is for the contractor to deliver the food to

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the USU even if delivery charges are assessed. The reason is to minimize risk management issues associated with employees utilizing their personal vehicle to pick up the food.

**4. Reservations & Event Services Clients: Non-Catered Food**

Clients commonly bring in non-catered food as part of their events. Clients may provide food and beverages for their events only with prior approval from Reservations & Event Services or the Student Recreation Center. The sale of any food or beverage item by client is prohibited. Clients may use The University Corporation (TUC), pick up food, have food delivered from a food supplier, or bring prepackaged food.

The only required documentation is proof that the food supplier has a minimum of an “A” rating from the County Department of Health where the food and beverage supplier has their place of business. A copy of the rating must be included in the client’s reservation file.

The client is solely responsible for the quality of food for their meetings and events. The Terms of Reservation Agreement, signed by the client, explicitly states that *the USU is not responsible for the quality of foods or the health of and safety of people consuming such food products brought into the facility.*

**5. Food Truck Disclaimer**

The use of food truck vendors at USU-sponsored events must be approved by The University Corporation (TUC) licensing department.

The legal counsel for the California State University Risk Management Authority (CSURMA) drafted the food truck disclaimer that is displayed in italics below. This disclaimer is to be posted and prominently displayed at any USU-sponsored event where food trucks are present.

*Food truck vendors are not agents or representatives of USU or CSUN. Food truck vendors are not affiliated in any way with the USU or CSUN. Vendors are not authorized to make any representations or promises of any kind or type on behalf the USU or CSUN. Food truck vendors are independently owned and operated.*

*The USU and CSUN have not inspected and is not endorsing any vendor, its food, its products or its services. The USU and CSUN do not supervise the operations of any vendor. The USU and CSUN is making no representations, warranties, promises or assurances of any kind or type about any vendor, its food, its products or its services, including food price, quality or safety.*

*Customers are solely responsible for selecting the food truck vendor from whom they purchase food, products or services. Customers are solely responsible for determining that food, products or services are safe and suitable for them. Customers should use common sense and exercise caution in deciding whether food, products or services are safe and suitable.*

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Debra L. Hammond, Executive Director

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Date