

## **Executive Summary**

### **Changes to Policy 3-042, Property Insurance Program**

It has become necessary to eliminate the program that subsidizes insurance deductible payments required from most departments. The program, which was established in 1981, was designed to reduce the required deductible for most property losses to \$500 (the University's deductible, as established by the Utah State Division of Risk Management, is \$1,000). No other state institutions of higher education or state agencies have programs to subsidize the \$1,000 deductible. Further, the U's PAC 12 counterparts and other national universities typically have deductibles greater than \$1,000. In 2001, Policy 3-042 was modified to establish that the deductible be increased to \$1,000 for losses due to theft, yet the subsidy for other covered losses continued.

This Program has been funded from state appropriations (approximately \$7,000) and billings to participating auxiliary enterprises (approximately \$5,000), with costs running at approximately \$11,000 annually.

Because insurable losses are typically spread widely across campus organizations, eliminating this program will not have a significant effect on individual departments. The change will

not affect the U Hospital and Clinics, Telecommunications (Network & Communications), Contract Dining and the U Campus Store because these auxiliary units choose not to participate in the self-insurance program.

Further, eliminating this program will create a greater loss prevention incentive, reduce the administrative burden on the U Risk & Insurance Services Department (URIS) and provide an opportunity to use resources more efficiently in loss control efforts.

It is proposed that this change become effective July 1, 2018. An @theU article will be sent prior to that time announcing the change and referencing the “Equipment Insurance Information” and “Equipment Security” sections of the URIS website. The self-insurance program will be funded and remain in effect for one year to pay the “run-off” for open claims.

The proposed elimination of the policy has been reviewed by John Nixon, Vice President for Administrative Services, Cathy Anderson, Assistant Vice President for Budget and Planning, Robert Muir, Director of Treasury Services and Jerry Allred, Manager of Risk & Insurance Services.

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