

INSURANCE POLICY

Section	Finance
Contact	Finance
Last Review	December 2017
Next Review	December 2022
Approval	C18/55

Purpose:

To ensure that Massey University maintains a portfolio of insurance policies (the “Policies”) to minimise the financial risk associated with significant uncontrollable events. Insurance transfers a defined portion of the financial risk from Massey University to its Insurers and is targeted to situations where the potential financial loss is more than is appropriately borne by Massey University.

Background:

Massey University insurances are under an agreement with the New Zealand Universities’ Insurance Collective (‘the Collective’) to ensure effective coverage and optimised value. The policies are renewed for 12 months from 1 December each year. Please note staff can access the full list of current policies at [OneMassey](#)

Policy:

Massey University must maintain in place, as part of its risk management framework, a comprehensive programme of insurance cover to mitigate loss or costs arising from unexpected events. Subject to the terms and conditions of the insurance cover, policies will provide indemnity for financial losses.

Responsibilities

The Vice Chancellor, or Delegate, will approve placements of the annual insurance programme.

The Assistant Vice Chancellor Strategy, Finance, IT and Commercial Operations (AVC SFIC), or Delegate, is responsible for all University insurance matters and will make provision in the University’s operating budget to cover insurance premiums. No other person should attempt to arrange insurances for the University. The AVC SFIC will periodically review insurances to ensure the cover meets the University’s business needs, reflects the risk management strategies and allows for changes in legislation. Material changes to Insurance covers will be notified to relevant staff.

University Reporting Line Managers, or Delegate, are responsible for the completion of the annual liability questionnaire/declaration. This responsibility is to satisfy the University’s legal requirement to provide a full and detailed disclosure to our Insurers.

University Staff:

- Staff preparing and signing contracts, are responsible for:

- ensuring adequate insurance clauses are included in the contracts to cover for General Liability, Professional Indemnity, Contract Works and specialist covers.
- ensuring they review the adequacy of the University's insurance cover, and if required, contact the Finance Insurance Advisor to arrange new or extended cover.
- Some contracts benefiting the University may include unlimited or uncapped liability clauses. Such contracts shall be evaluated by staff or external advisors with the knowledge and experience to evaluate such contracts, who will ensure an appropriate assessment of the risk factors is completed before contract signing.
- Staff must provide all information and disclosure requirements, as requested by the AVC SFIC, or Delegate, in order to ensure the completion of an insurance contract.

The University insurance premiums will be paid annually and expenses transferred to the budget centre with responsibility for management of the assets or activities covered by the insurance. The Chief Financial Officer may, for financial management efficiencies, hold some insurance expenses centrally.

Confidentiality

The contents of the Policies are confidential to the University, its insurance brokers and underwriters and should not be disclosed to any non-University organisations or persons without the consent of the Chief Financial Officer.

Reporting for Insurance Purposes

All insurance related questions, issues, reports, communications and documents relating to potential claims, procedures, cover, certificates and the annual renewal are to be referred to the Finance Insurance Advisor.

All policies are subject to particular exclusions, conditions and limitations. Staff must ensure the University and themselves are covered under insurance by informing the Finance Insurance Advisor of any new activity; in particular research activities, travel to high risk destinations, or any other activity that could expose the University to litigation.

The loss, suspected loss or damage to University property must be reported immediately to the Finance Insurance Advisor. Refer to the claims procedures ([OneMassey](#)) for details on the type of insurance cover, excess and procedures.

All additions and disposals of vehicles, artworks, marine hull, UAV's and buildings must be notified to the Finance Insurance Advisor to ensure the University has effective financial risk cover and that disposals are reported to optimise the premium.

Any contract works where the University is engaged in new building works or building alterations works must be notified to the Finance Insurance Advisor to ensure the University does not exceed its cover limit ([OneMassey](#)) Separate contract works cover can be arranged where cover limits are exceeded.

Contracts and Agreements

Some policies contain a clause permitting certain kinds of waiver without having to disclose them. Before signing a University contract containing any kind of waiver, the Finance Insurance Advisor must be consulted to assess any insurance implications. This applies in particular to the kind of waiver that relieves other parties of *liability* for their own negligence.

University staff signing a contract having a Hold Harmless clause preventing or limiting the right to sue another party for recovery of a loss, may prevent the insurers exercising *subrogation*. The clause might therefore be deemed a material fact which, if not disclosed to the University's insurers, could result in the University's insurance being rendered void. Before signing a University contract that contains a clause preventing or limiting the University's right to sue, the Finance Insurance Advisor must be consulted to assess the insurance implications.

Most contracts / agreements include clauses requiring the University to have appropriate insurance cover for the activity to be undertaken, and the provision of indemnity to the third party for any losses or claims that might arise against them as a result of the University activity. It is important such clauses do not have requirement levels that exceed the University coverage provided through its insurance policies or any clause implying unlimited liability.

Specific exclusions to the liability provisions in this policy, covering contracts with unlimited liability clauses are included in the Delegations of Authority Policy - Part Three Contract Signing Delegation Schedule- Section 3.4.

Duty of Disclosure to Insurers

The University has a duty to disclose all material facts before entering into, renewing or altering a contract of insurance. Any failure to disclose, or misrepresentation of, material facts may void the insurance policy.

The Insurance Law Reform Act 1977 defines a material fact as one that would influence a prudent insurer in accepting or rating a risk. Disclosure is required before each contract is entered into, renewed or changed, but some policies have a condition that extends the duty throughout the period of insurance.

Governance Reporting

The renewal and remarketing of insurances will be reported to SLT and the Finance and Assurance Sub-Committee of Council annually.

Material changes to the University insurance risk profile or insurance cover will be reported to SLT, the Finance and Assurance Sub-Committee of Council and the University Council, as they may arise.

Definitions

Hold Harmless - A clause in a contract under which one party agrees to release another party from all legal liability.

Indemnity - The process or undertaking where the insurer provides financial compensation for loss under the policy. The principle of indemnity is based on the insured being returned to a position no better or no worse than they were in prior to the loss.

Liability - Liability is a position of being legally responsible for something. In the context insurance, parties can be held "liable" for things such as injuries occurring to others, causing damage to property owned by another party, malpractice, negligence, inattention and the like. Liability insurance exists to protect people or companies from losses associated with liabilities that can occur as the result of lawsuits.

Liability Covers – The University's liability insurance covers include Directors and Officers Liability, Employers Liability, General/Public Liability, Professional Indemnity, Trustees Liability, and Statutory Liability. Cover includes defense costs. In addition, the University has crime cover to protect against financial loss.

Material Fact - A material fact is one which may influence a prudent Insurer in deciding whether or not to provide insurance cover, and if so, at what terms and conditions and for what premium.

Reporting Line Manager – Senior Leadership Team and their delegates being level 4 managers and other key staff who have responsibility to identify and manage risk within their portfolio.

Subrogation – The right of an Insurer to take over the legal rights of the insured person in order to recover payment from a third party that is partially or wholly responsible for a loss for which an insured has made a claim.

Audience:

All staff.

Relevant legislation:

The Insurance Reform Act 1977
Marine Insurance Act 1908

Legal compliance:

The Insurance Reform Act 1977 states that a policy may be avoided (treated as it never existed) if any statement made in the proposal or other document (including declarations) at completion, reinstatement, or renewal is substantially incorrect and material, or if you fail to disclose any material fact.

Related procedures / documents:

[Delegations of Authority Policy](#)
[Risk Management Policy](#)
[Insurance Claim Procedures \(OneMassey\)](#)

Document Management Control:

Prepared by: Chief Financial Officer
Authorised by: Assistant Vice-Chancellor, Finance, IT and Commercial Operations
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