

VENDOR LIABILITY INSURANCE POLICY

This policy will guide the user in determining the appropriate level of insurance required when using an outside vendor to do work on the Clarkson University campus or J. R. Weston properties. The method to determine the level of insurance is based on the level of risk. A high risk service equates to a higher demand for insurance as opposed to a low risk service equating to a low demand for insurance. In all cases, each vendor must sign a contract with the University.

A matrix has been developed to guide a department toward the proper level of insurance. If you are unsure of an amount of insurance that is adequate, the Risk Management Department is available to assist you with the computation.

INSURANCE MATRIX

<i>Frequency/Severity</i>	<i>Low Severity</i>	<i>Medium Severity</i>	<i>High Severity</i>
<i>Low Risk</i>	\$500,000	\$500,000	\$5,000,000
<i>Medium Risk</i>	\$500,000	\$1,000,000	\$5,000,000
<i>High Risk</i>	\$1,000,000	\$5,000,000	\$5,000,000

The definitions to the above matrix are:

Frequency:

- Low Risk (slight) - The loss could happen but not likely.
- Medium Risk (moderate) – The loss will happen once in awhile.
- High Risk (definite) – The loss will most likely occur.

Severity (Dollar Loss)

- Low Severity (slight) – The dollar loss can be retained by the University. The amount of insurance needed will be minimal.
- Medium Severity (moderate) – The dollar loss will be large and the risk will need to be transferred to our insurance company. The amount of insurance needed will be moderate.
- High Severity (severe) – The loss will greatly affect the financial portion of the University. The amount of insurance needed is significant.