

Authorization and Organization

As the University's "risk management" function, the Office of Enterprise Risk Management (ERM) acts on behalf of the Vice Chancellor for Business Affairs in identifying and assessing alternative methods to address risk as well as the need for, procuring, and administering insurance coverage for the University. In this capacity, the ERM department acts as the focal point authorized to represent and execute insurance coverage on behalf of the university. Accordingly only ERM should interact with the North Carolina Department of Insurance (for insurance matters), its appointed agent of record, and the insurance companies. For closely related organizations, such as foundations, ERM should be utilized for the purchase and advice on insurance to help create a consistent risk appetite across the organization.

By North Carolina General Statute Article 31, Section 58, the State Property Fire Insurance Fund (SPFIF) Division has been established within the State Department of Insurance to act as a special fund to provide insurance coverage for state property. This division has the singular statutory authority to purchase and manage the insurance of state property, officials and employees. The SPFIF, also, is authorized to either direct the purchase of insurance or to "self-insure" the risk. Accordingly, all insurance required by the university is placed through the SPFIF.

When the SPFIF directs that insurance coverage is to be purchased externally, the ERM is statutorily obligated to market the University's requirements through the State's "agent of record", the North Carolina Association of Insurance Agents, Incorporated (NCAIA) (G.S. 58-31-55). The NCAIA only serves only the State and, therefore, does not market nor procure insurance for private parties. Based on these statutory delegations, the university is prohibited from obtaining any of its insurance needs directly from an insurance company unless directed by SPFIF or the NCAIA. No university department may directly purchase insurance which requires the disbursement of university funds.

The ERM policies and procedures are written to outline the insurance related "risk management" practices of the university and to delineate its insurance coverage. Where insurance coverage is applicable, this group of policies and procedures discusses the purpose, definition, application, and limits of coverage for each insurance type and policy. Any requirements for insurance in addition to that discussed herein shall be addressed to the ERM before any commitment (apparent or real) is made on behalf of the university or any finite action is taken to secure coverage.