

INSURANCE COVERAGE

The University renegotiates its insurance coverage for each fiscal year. The University's experience is that the insurance market is volatile, particularly with respect to windstorm coverage. As to particular risks, there is no guarantee the same or any coverage will be available year to year.

The University employs risk managers who assess risks against the cost of coverage. In many instances, additional coverage may be available but the University has made a business judgment that the cost of that coverage is not commensurate with risk. The coverage described in the following paragraphs is accurate only with respect to coverage currently in effect. While the University does not currently anticipate material changes for fiscal year 2013, the University may reduce or eliminate coverage for particular risks if in the view of the University's risk management personnel and Executive Committee the costs of coverage for particular risks are excessive or unavailable. Windstorm coverage in particular has become increasingly difficult to obtain in South Florida; therefore, the University assumes a substantial portion of this risk.

Property coverage for fiscal year 2013 is based upon a replacement value of its buildings and their contents, excluding land and building foundations. There are two policies the first has a limit of \$5.0 million for windstorm and \$15.0 million for flood and \$300.0 million for all other perils such as fire and theft. The second policy has a limit of \$25.0 million for windstorm, \$25.0 million for flood and \$85.0 million for all other perils. Both policy deductibles are: five-percent (5%) of the total value per building and contents at the time of loss, for losses resulting from wind and/or flood damages for storms named by the National Oceanic and Atmospheric Administration (NOAA), with a minimum deductible of \$1.0 million for any one occurrence and a deductible of \$500,000 for all other perils. The main property policy includes coverage for loss of tuition with a \$57.0 million sub limit. In addition, the University carries Fine Arts coverage with limits of \$70.0 million.

Additional Flood Insurance is provided under separate coverage for the marine campus through the National Flood insurance Program (NFIP) and is structured as follows:

- 1) Primary coverage with maximum limits of \$500,000 per building and \$500,000 contents. The deductibles per policy are either \$500 or \$1,000, depending on the values, and apply separately to each building and to its contents. Valuation is on an actual cash value basis.

The University also carries boiler and machinery insurance, automobile liability, general liability, workers' compensation and other various liability insurance policies, including excess liability policies with a total limit of \$100 million.

The University is self-insured for medical liability, but maintains commercial excess coverage within specified limits. Provisions for medical liability claims are based on several factors, including an annual actuarial study and are recorded as a liability on the University's Statement of Financial Position.