

The logo for EXIGIS features the word "EXIGIS" in a bold, white, sans-serif font. The letter "X" is stylized with a red top-left quadrant, a blue top-right quadrant, a yellow bottom-left quadrant, and a green bottom-right quadrant. The logo is set against a blue arrow-shaped background pointing to the right.

EXIGIS

Council for Great City Schools
Chief Financial Officer Conference

Certificates of Insurance and Beyond:
Third Party Compliance for Enterprise Risk Management

04 November 2015
Houston, TX

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Introductions

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Certificates of Insurance

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Current State Review

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Next Level Opportunities

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Enterprise Inputs and Best Practices

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Roundtable Discussion

What it is:

- A document that provides information about insurance policies.
- Point-in-time evidence that the Insured has purchased insurance coverages.

What it is Not:

- A substitute for the actual policy.
- An amendment, extension or alteration of coverage as afforded by the policies.
- A legal conveyance of rights upon the Certificate Holder.

Utopia

Purpose:

Validate compliance with contractually required insurance minimums for duration of engagement.

Function:

Provide tangible evidence of active insurance policies.

Value:

Certainty that recourse is available if a loss occurs.

Reality

Purpose:

Evaluate compliance with contractually required insurance minimums at date of certificate issuance.

Function:

Provide informational suggestion of active insurance policies.

Value:

?

DOCUMENT CENTRIC

Static Management of 'Paper'

- Resource and paper intensive
- Questionable value and limited enforceability
- Lack of common understanding and education
- Ambiguous and overreaching state regulations (e.g. Texas Senate Bill 425)
- Focused responsibility on Vendors, sometimes Broker, rarely Insurer
- Lack of process transparency, measureable progress, actionable business intelligence

PROCESS CENTRIC

Holistic Management of Third Party Risk

- Automated and electronic - *rules driven*
- Enhanced process transparency, real time measurement and continually monitoring
- Flexible framework to quantify exposures and dynamically adjust tolerances according to changing risk appetite
- Access to actionable business intelligence enables better operational and resource allocation decision-making

Provide Quantifiable Framework to Manage Third Party Risks and Actively Monitor Adherence to Accepted Risk Thresholds

1. Identify and Classify Third Parties:
 - By location, contracting entity, type of goods/services, contract value, etc.
2. Measure, Monitor and Test Risk Exposure:
 - By individual third party, business type, 'contract type', department, location, project, total spend, insurance line, carrier rating, loss or performance history, etc.
3. Adjust and Flex Accepted Risk Levels:
 - By leveraging timely information and actionable intelligence to align exposures to appetite

Current State Audits and Annual Reviews

- Evaluate and align contract requirements with Vendor demographics and organizational risk appetite - Review and refresh requirements
- Monitor sufficiency of limits evidenced across multiple contracts and POs

Vendor Prequalification

- Capture and baseline Vendor information pre-contract

Carrier Issued Endorsements

- Additional Insured, Waiver of Subrogation, Notice of Cancellation, etc.

Supplemental Documentation

- Policy Dec Pages, Hold Harmless, Continuing Guarantee, Form W-9, etc.

Links to Procurement and/or Accounts Payable Functions

- Contract type, parties, inception/expiration dates
- Integrated stop pay



Roundtable Discussion

Insurance Compliance in Your School

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