



DIVISION OF BUSINESS AND FINANCIAL AFFAIRS

Channel Islands Risk Management
FY 17/18 Annual report and Cost of Risk
FY 18/19 Work Plan

The Risk Management office strives to use effective risk management techniques while improving the delivery of services across the campus in support of the University's mission. To accomplish these objectives, Risk Management engages in risk mitigation through consulting, training, analyzing, planning, and coordinating activities. In addition, the office has the responsibility of implementing the campus wide Strategic Risk Management program, and carrying out the policies of the California State University in matters relating to adverse events, pro-active risk management and managing the cost of risk.

Duties assumed by the Risk Management office include:

- Acting as a resource to the university community on issues such as auto liability, use of waivers, contractual risk transfer, and professional liability.
- Serving on the CSURMA Board of Directors, the Preparedness (Civil Discourse) Working Group, the University's Safety Committee, the Emergency Operations Committee, the ATI Committee, the Security Systems Control Team, and Co-Chairing the Business Continuity Committee.
- Reviewing contract and lease language in accordance with CSU insurance standards.
- Reviewing and approving facility use requests from external entities.
- Administration of Defensive Driver training and DMV Pull Notice Program.
- Providing oversight on high profile Workers' Compensation and civil claims.
- Researching and obtaining insurance coverage, as new, distinct activities are undertaken.
- Providing risk management services to auxiliaries and to the CI Boating Center.
- Quoting and binding Special Event Insurance coverage.
- Facilitating resolution of property losses.
- Serving as campus requestor and custodian of records for Department of Justice Live Scan reports.

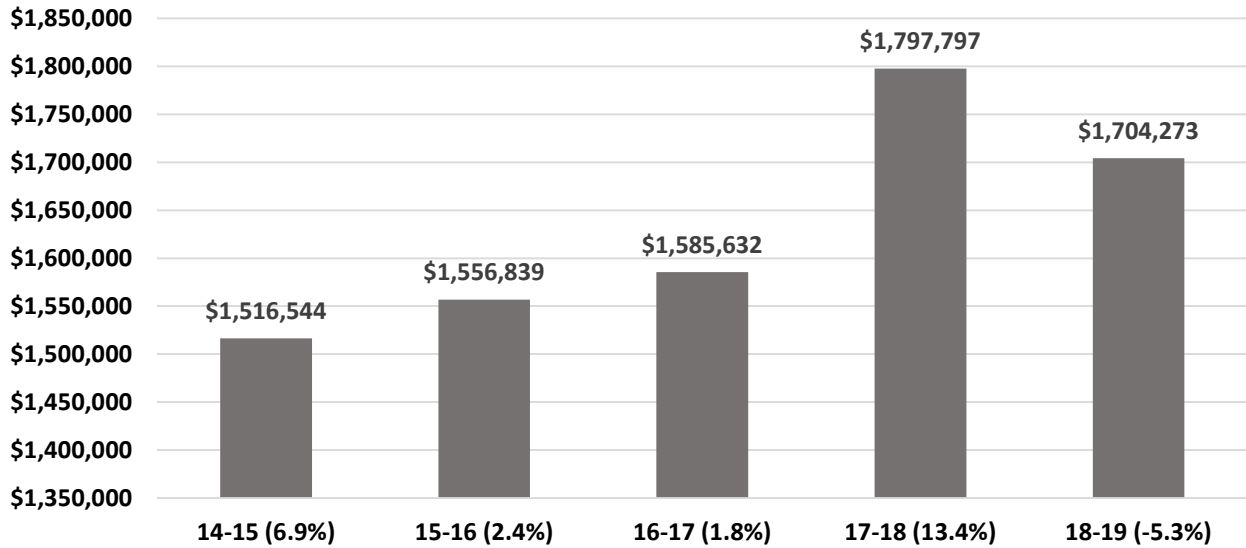
THE COST OF RISK - RISK MITIGATION THROUGH TRANSFER AND INSURANCE

The California State University has elected to be self-insured for its general liability, workers' compensation, professional liability, motor vehicle liability, and property exposures.

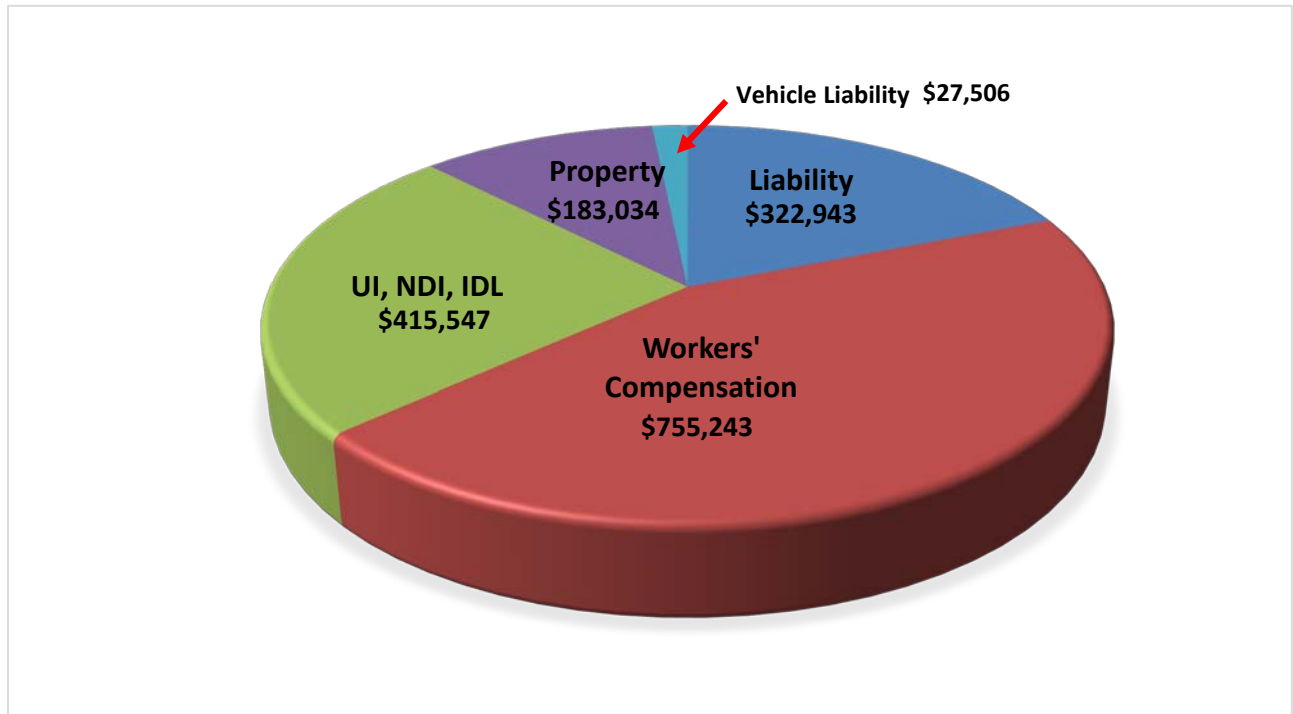
The California State University Risk Management Authority (CSURMA) administers the general liability, workers' compensation, property, and professional liability programs, as well as any brokered or manuscript insurance policies needed individually or collectively by all campuses.

CSURMA Risk Pool Funding by Channel Islands

(Percentages next to fiscal years indicate funding change over the previous year.)



The FY 18/19 total cost for all programs is illustrated below:



Status on Major Self-Insured Programs

GENERAL LIABILITY

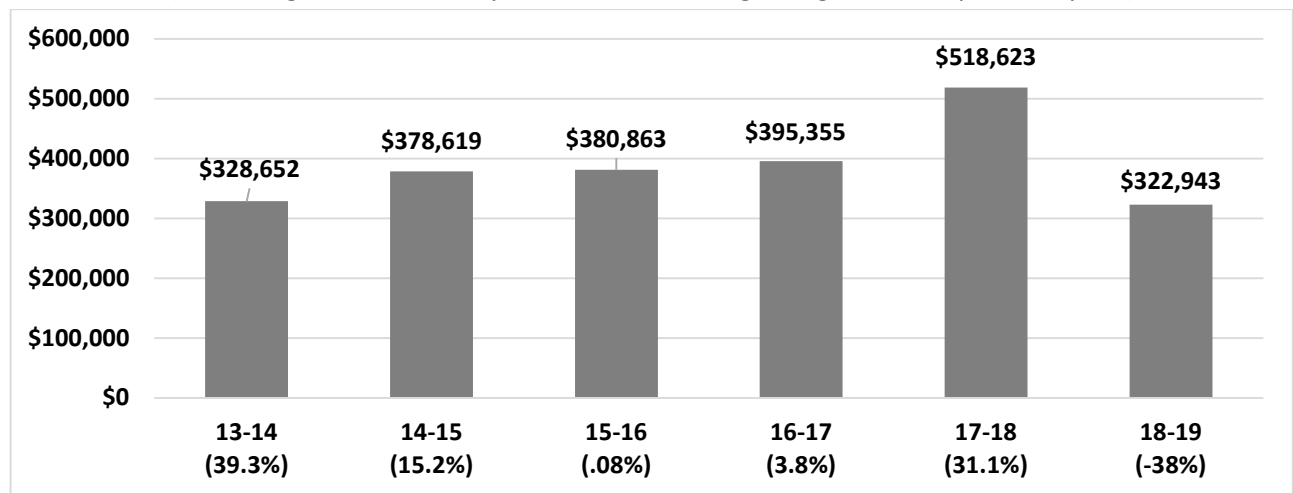
The pooled Liability program covers claims arising from university owned or controlled premises, as

well as negligent acts of faculty, staff and designated volunteers that result in property damage or bodily injury to a third party.

An experience modification or rating (x-mod), expressed as a percentage, is used in the premium or funding calculation for each campus. Generally, an x-mod of less than 100% reflects better-than-average loss experience, while an x-mod of more than 100% reflects worse-than-average loss experience. Accordingly, an x-mod that is greater than 100% increases program funding, while an x-mod that is less than 100% decreases the funding. The Liability Experience Modification (x-mod) going into FY 18/19 is 57.19%, meaning CSUCI incurred losses have dropped considerably, well below the system wide experience rating of 100%. Notably, the arc flash injury suit (March 2013) has fallen off the campus loss history for rating purposes.

General Liability Funding by Channel Islands

(Percentages next to fiscal years indicate funding change over the previous year.)



WORKERS' COMPENSATION

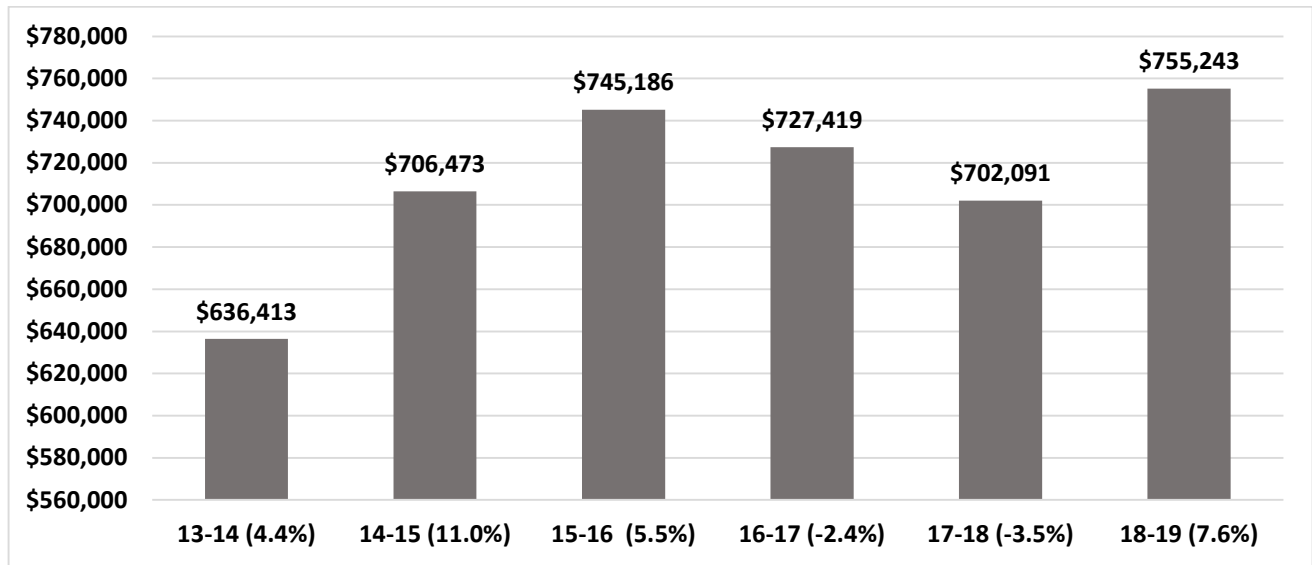
Workers' Compensation insurance is designed to provide a satisfactory way to address the medical and economic aspects of employment-related injuries. Workers' compensation insurance is not based on the legal concept of negligence, but rather provides statutory benefits without regard to who is at fault, as long as the injury or occupational illness arises out of and occurs in the course of employment.

As in the General Liability program, the campus x-mod is applied to the funding calculation each incepting year. The campus workers' compensation x-mod for FY 18/19 is 98.85%, meaning CSUCI presently contributes roughly 1% less per \$100/payroll for program funding than the systemwide average X-mod of 100%.

As of June 1, 2018, CSUCI has 29 open Workers' Compensation claims. Twenty are active indemnity claims not yet in the finalization stage. Six claims are open for awarded future medical benefits, two are open for final payment of expenses prior to closing, and one medical-only (no compensable lost work time) claim that will be closed shortly. The CSU's third-party administrator, Sedgwick Claim Services, adjusts claims. Sedgwick continues to do an excellent job on the University's behalf, proactively managing and moving claims toward resolution.

Workers' Compensation Funding by Channel Islands

(Percentages next to fiscal years indicate funding change over the previous year.)



PROPERTY

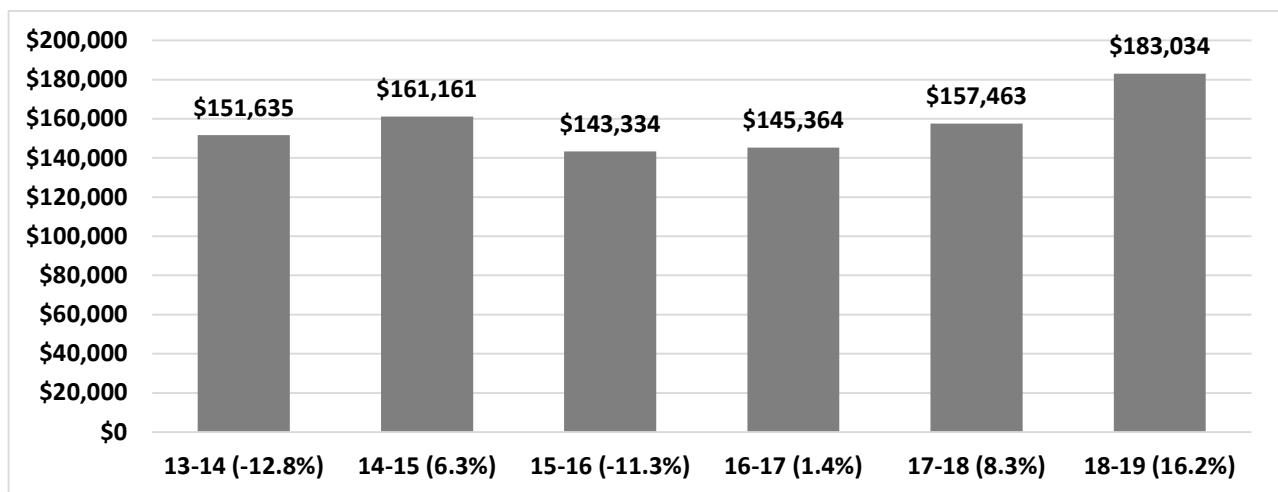
Property insurance coverage provides protection for direct physical loss or damage to university property. Perils covered include fire, windstorm, hail, smoke damage, explosion, theft, and water intrusion. The policy is written on a scheduled basis to cover buildings, contents (if scheduled), business income loss and expense (including tuition & fees), as well as builder's risk. Boiler and Machinery coverage is also included.

CSUCI has no open property loss claims at this time.

The campus total insured value for real and personal property for FY 18/19 is \$406,743,787. The current total insured value rate is .045/\$100.

Property Funding by Channel Islands

(Percentages next to fiscal years indicate funding change over the previous year.)



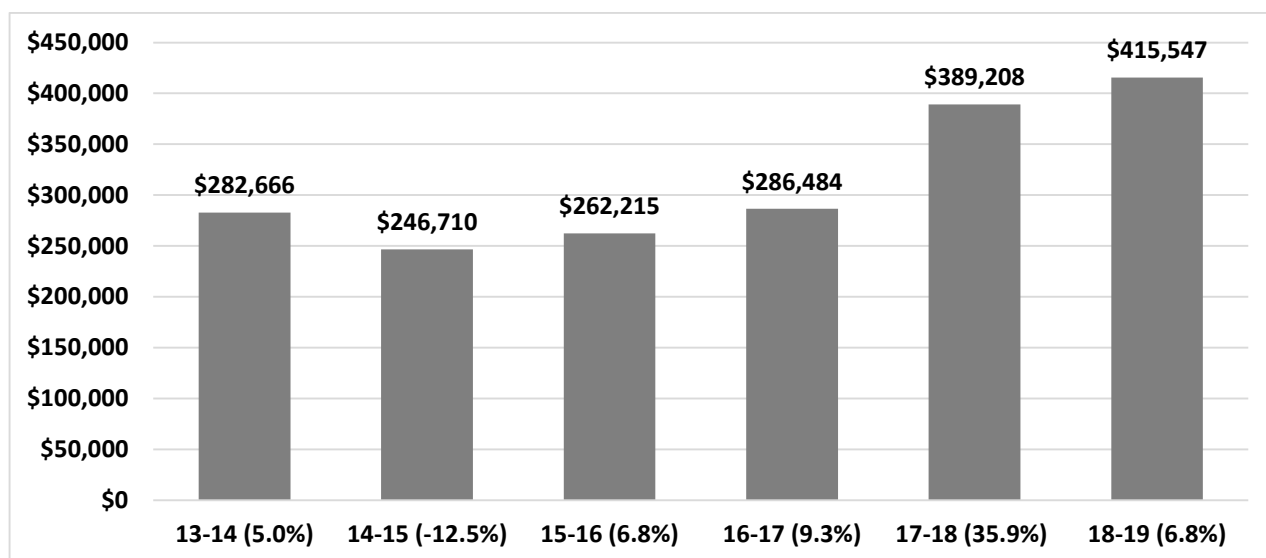
UNEMPLOYMENT INSURANCE, NON-INDUSTRIAL DISABILITY AND INDUSTRIAL DISABILITY LEAVE

Unemployment Insurance expenditures historically experience the consequences of state budget challenges and workforce reductions. However, benefit payments to faculty outside the academic year continue to make up the bulk of the unemployment benefits paid annually.

In the past, the CSURMA Executive Committee has approved periodic plans to fund Unemployment Insurance deficits with a combination of the campus' Workers' Compensation dividends and mid-year Unemployment Insurance assessments. While the Chancellor's Office has funded partial deficits in recent years, we should expect future assessments, as this program is historically under-funded system wide.

UI, NDI, IDL Funding by Channel Islands

(Percentages next to fiscal years indicate funding change over the previous year.)



NEW PROGRAMS INTRODUCED

In FY 17/18, CSURMA introduced new coverage programs, including a stand-alone malpractice program. The new Fine Arts and Archive Program provides automatic coverage for art and archives purchased by or on loan to the University. The cost of FAAAP is included in the property program premium. Also new is the Club Liability Insurance Program (CLIP). This program provides first-dollar liability coverage for recognized student clubs (non-sport), allowing CSU clubs to address their myriad of exposures and meet insurance requirements when contracting or seeking facility use permits.

STRATEGIC RISK MANAGEMENT

In an effort to control and reduce the overall cost of risk, make informed risk decisions and align risk management with the University's strategic planning, operations and service delivery, implementation of Strategic Risk Management across campus continues. Training on the program

and risk tools is underway.

The characteristics of an SRM program include the alignment of risk management with the mission of the institution, by identifying a wide range of risks (e.g. financial, human capital, strategic, operational, reputational, compliance), rather than the traditional approach of focusing on hazard risks. The program assigns accountability for risk identification, mitigation and decisions within the campus divisions, and utilizes a campus-wide risk assessment tool and risk inventory for strategic decision-making and resource allocation.

Risk Management will continue working toward its goal of achieving an embedded holistic risk management culture. We can expect the overall risk appetite to change, to increase, as the campus begins to accept more risk in pursuit of value.

EFFICIENCY REALIZED IN FY 17/18

- Streamlined process for obtaining international coverage; now capturing and reporting ALL international travel

STATUS OF FY 17/18 GOALS

- Write SRM Policy - **drafted**
- Write Working with Minors Policy – **drafted**
- Record Retention Compliance – **in progress; three cartons purged to date**
- In tandem with Prof. Development staff, market and provide SRM workshops - **on-going**
- Write Admin. Details for Foreign Travel Ins. Program and Special Event Ins. - **done**

FY 18/19 WORK PLAN

Improve Operational Excellence:

- Create/update process guides for Risk Management tasks
- Engage in staff training with an eye toward succession planning
- Encourage innovation and task process streamlining
- Continue SRM training and outreach

Attract and Retain a Diverse and Talented Staff:

- Encourage staff to participate in Professional Development training opportunities

Enhance Resources:

- Evaluate functionality, efficiency and compliance rates with new SumTotal training platform
- Continue to provide specific Risk Management training for the campus community (i.e. Working with Minors on Campus, Emergency Preparedness in International Travel)
- Development of self-service options and FAQs on Risk webpages

Enrich Communication:

- Participate in orientations and participate in Career Fairs
- Attend CSU (Fitting the Pieces) and National Entity (PARMA, URMIA, RIMS) conferences