

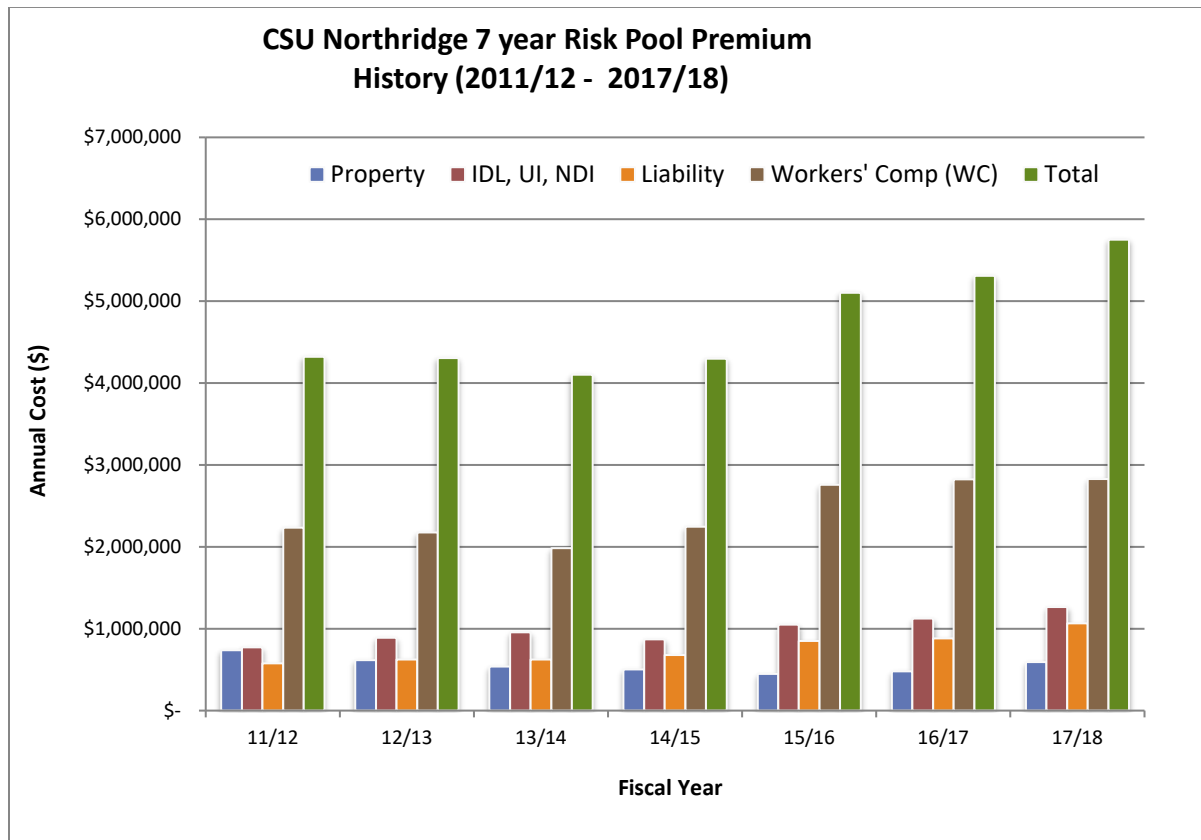
CSU Northridge Risk Management 2017/18 Annual Report

Background

Prior to FY 95/96, the CSU Chancellor's Office paid all liability, workers' compensation and IDL/NDI/UI claims and related expenses. The CSU funded these liabilities on a cash basis as the claims became payable. Beginning in FY 95/96, individual campuses became responsible for these liabilities. The “risk pool” was developed as a funding mechanism so that campuses could share these costs while simultaneously being encouraged to manage risks. To fund the pool, each campus pays an annual premium to the California State University Risk Management Authority (CSURMA) and receives coverage in the following program areas:

- Workers' Compensation
- General Liability (CSUN's deductible is \$750K/claim)
- Property Insurance
- IDL/NDI/UI

The 7-year premium costs for CSU Northridge under this program can be seen below. Highlighting factors that impact cost include Deposit Contribution, X-Mod, Payroll, Cost per \$100 Payroll, and Claim Payments. The increase for 2017-18 year was 8.30%.



The group tasked with overseeing these programs is the Risk Management Working Group. The group meets regularly with the goal of minimizing University risk through:

- Developing and implementing proactive programs, strategies and measures to minimize incidents that impact risk pool costs and potential costs;
- Regularly reviewing risk pool costs as well as specific incidents or trends that contribute to these costs;

- Providing regular updates to senior management regarding University risk;
- Educating constituent groups regarding risk management issues and responsibilities.

The group includes representation from the following areas:

- Environmental Health and Safety
- Workers' Compensation
- Risk Management
- Employee Relations

Other campus departments are routinely included depending upon the specific issues being addressed.

This annual report is intended to provide a summary of significant events and accomplishments that occurred in 17/18 as well as the objectives for Risk Management for 18/19. This report also satisfies the annual report requirements of CSU Executive Order (EO) 1069 Risk Management and Public Safety.

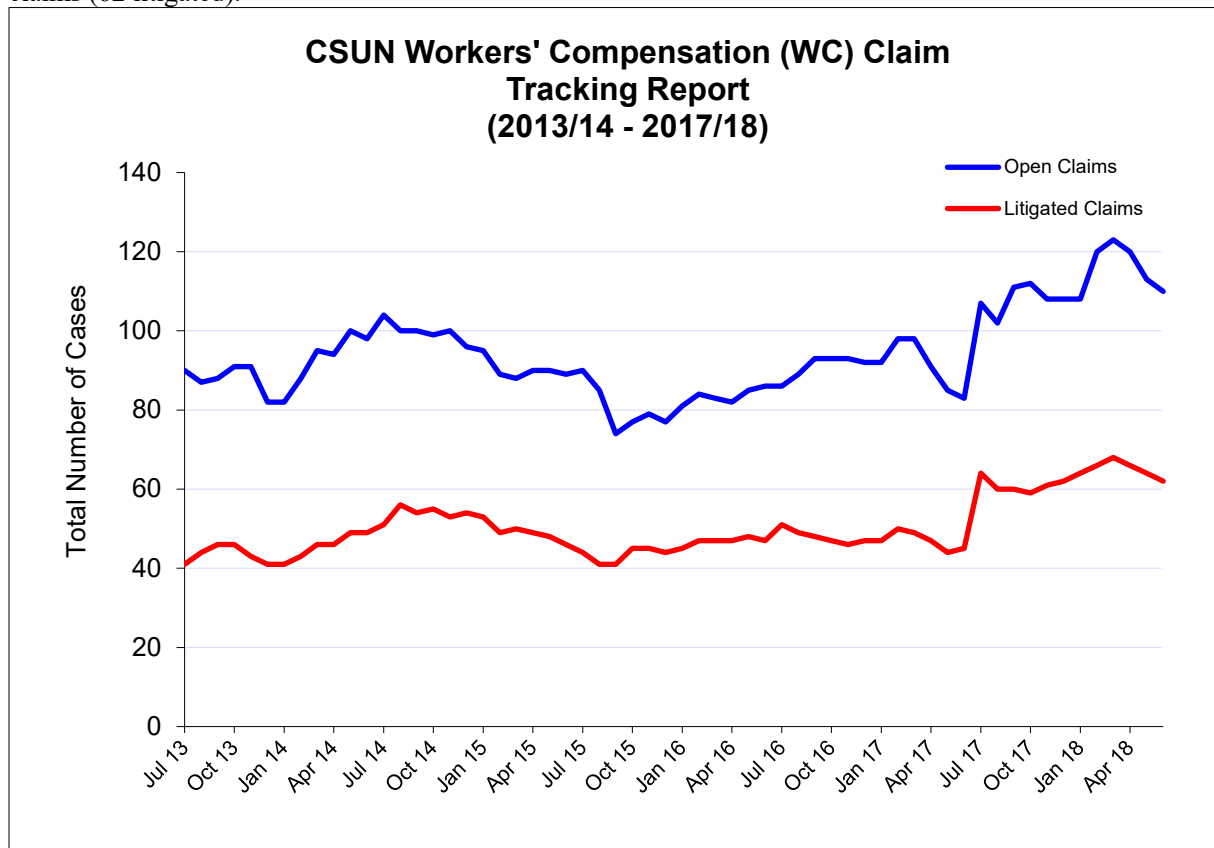
Key Measurements

Workers Compensation

Campus workers' compensation costs are driven by two factors: campus payroll and actual workers' compensation expenses (such as medical and legal). Since payroll costs cannot be controlled, the focus has been on strategies for minimizing workers' compensation expenses. Not surprisingly, the best strategies are to minimize the number of new cases that are opened and to close existing cases - especially cases that are greater than 2 years old.

To help track progress in this effort, the following claim activity information is reviewed on a regular basis. Litigated claims (claims where an employee is represented by an attorney) are also tracked because these claims tend to have higher expenses.

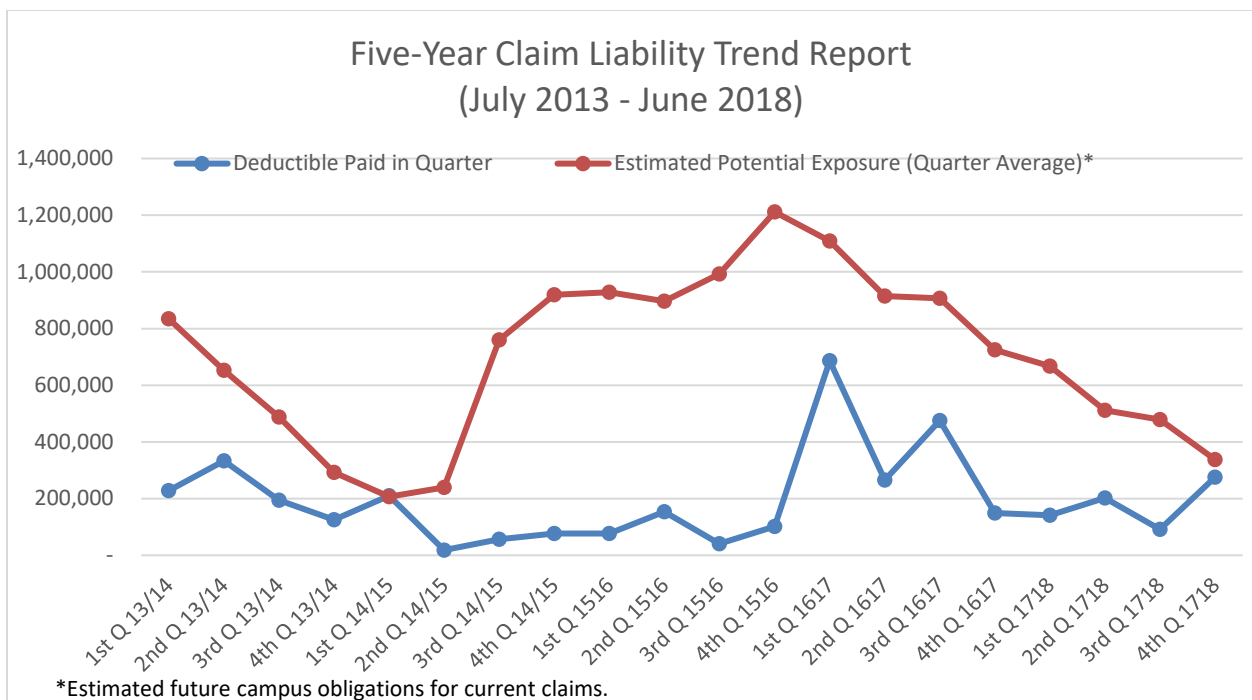
As the graph below indicates, FY 17/18 started with 107 open claims (64 litigated) and ended with 110 open claims (62 litigated).



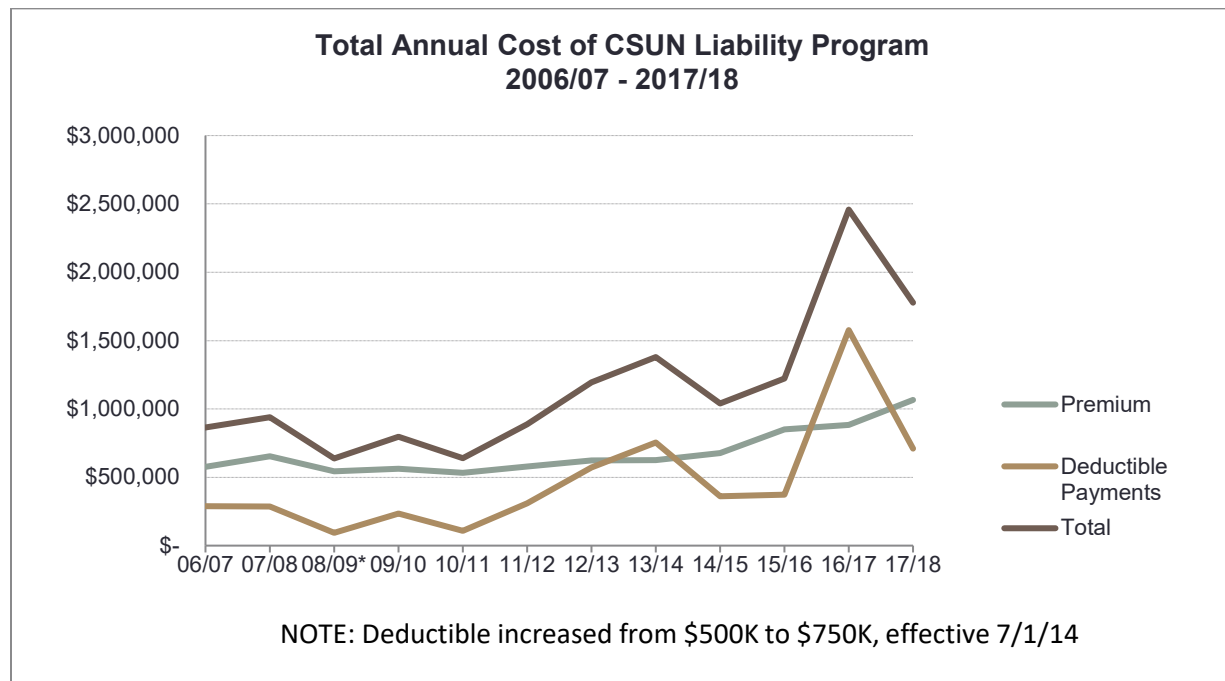
Liability

Campus liability costs are based on a number of factors including the campus loss history relative to the rest of the CSU. While there tends to be a relatively low number of open claims, the potential for a high value claim always exists - and a single high cost claim can significantly affect the month-to-month “estimated potential exposure.”

The Liability Claim Trend Report tracks the estimated cost exposure (established by Alliant, our Risk Pool third party administrator) for significant open claims and the actual quarterly costs for managing these claims. Beginning 2015/16, there is a slight change in methodology used for counting claims to be included in the estimated potential exposure category; i.e., all claims with estimated cost exposure of >\$1000 are included. It is also important to note that the maximum campus exposure for a single claim is limited to \$750,000 (for claims after 7/1/14 – the new campus deductible).



The Total Cost of the Liability Program Report tracks the annual premium payments as well as the payments made on individual claims that fall below the campus deductible. As can be seen in the report, the direct costs for managing liability claims (deductible payments) increased over the last two years, but now appear to be headed downward. These decreases are due to lower deductibles and less number of claims in 2017/18.



CSU Northridge Safety and Risk Management Annual Report

Beginning with the 2016/17 report, the Safety portion of the Risk Management Annual Report will no longer be included as this is not a component of Risk Management per Director of Environmental Health and Safety. There will be a separate Environmental Health & Safety report.

2017/18 Significant Events

- The decrease in deductible payments in 2017/18 from 2016/17 was due to closing claims and less number of claims with lower value liability claim settlements and actual litigation costs.

2017/18 Risk Management Program Improvements

- Risk Management outreach and support continues to be a top priority. In 2017/18 Risk Management worked with the following areas to increase risk awareness and reduce risk exposures:
 - Guest speaker at CSUN Risk Management class– discussed Risk Management with students.
 - MPP Orientation – Risk Management presentation to all new MPP employees – continues quarterly
 - Acquired new international travel software Terra Dotta. The software has been branded with our name “myCSUNglobe” and is a new travel registry software that assists the campus in streamlining the foreign travel insurance program process and tracking of CSUN’s international travelers (faculty, staff, and students). Implementation phase at this time.
 - Auxiliaries: provided risk management and insurance support to the Big Show and other events (including club events).
 - Provided workshops to the academic units regarding:
 - Foreign travel requirements

- Internships
- Field trips/conferences
- Exchange programs
- Guest speaker at the Academic Resources Council to present information on General Waiver/Release of Liability.
- “Risky Business Week” from November 13-17, 2017 offered through Human Resources Professional Series open to all campus personnel and students which entailed webinars and live presentations on various risk management topics.
- Risk Management presented with Internal Audit on “Understanding Audit & Risk: Why they Matter to You” on September 19, 2017 offered through Human Resources Professional Series open to all campus personnel; and to several departments.

2018-19 Risk Management Objectives

- Continue regular Risk Management, EH&S / Worker Compensation working group meetings.
- Continue working with other areas on campus such as Student Affairs to ensure procedures are in place for minimizing risk associated with off campus activities involving students.
- Offer “Risky Business Week” in November 2018 via the Human Resources Professional Series to all campus personnel, which will entail providing live presentations with guest speakers on various risk management topics.
- Continue to provide the Risk Management presentation to the New MPP Employees Orientation every quarter.
- Provide training and workshops for staff, faculty, and students on the new international travel software Terra Dotta “myCSUNglobe” processes offered through Human Resources Professional Series to all campus personnel.
- Provide information and solutions based on inquiries from departments such as (CTVA) Cinema and Television Arts and The Younes and Soraya Nazarian Center for the Performing Arts to provide additional insurance policies to aid in lowering the liability deductible costs.