

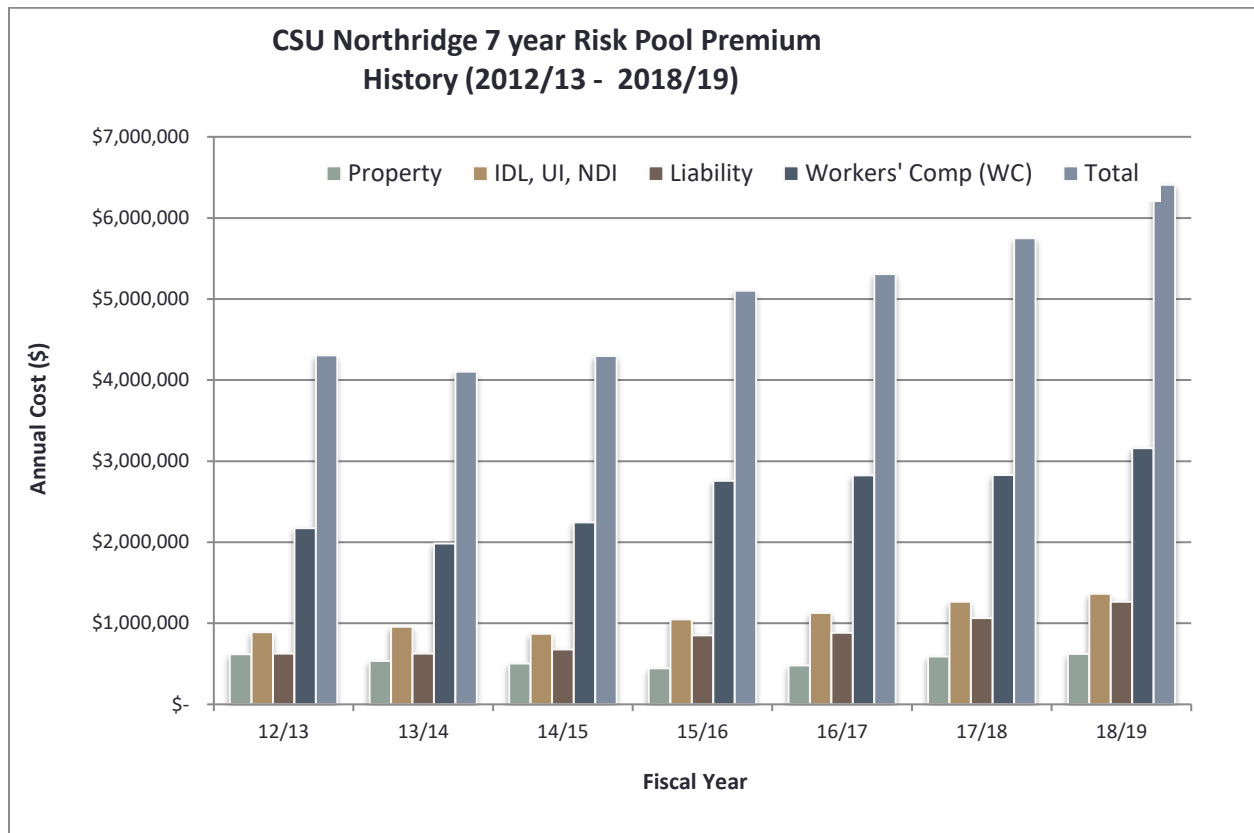
CSU Northridge Risk Management 2018/19 Annual Report

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 2018-19 year was 11.5%.



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 FY18/19 as well as the objectives for Risk Management for FY19/20. This report also satisfies the annual report requirements of CSU Executive Order (EO) 1069 Risk Management and Public Safety.

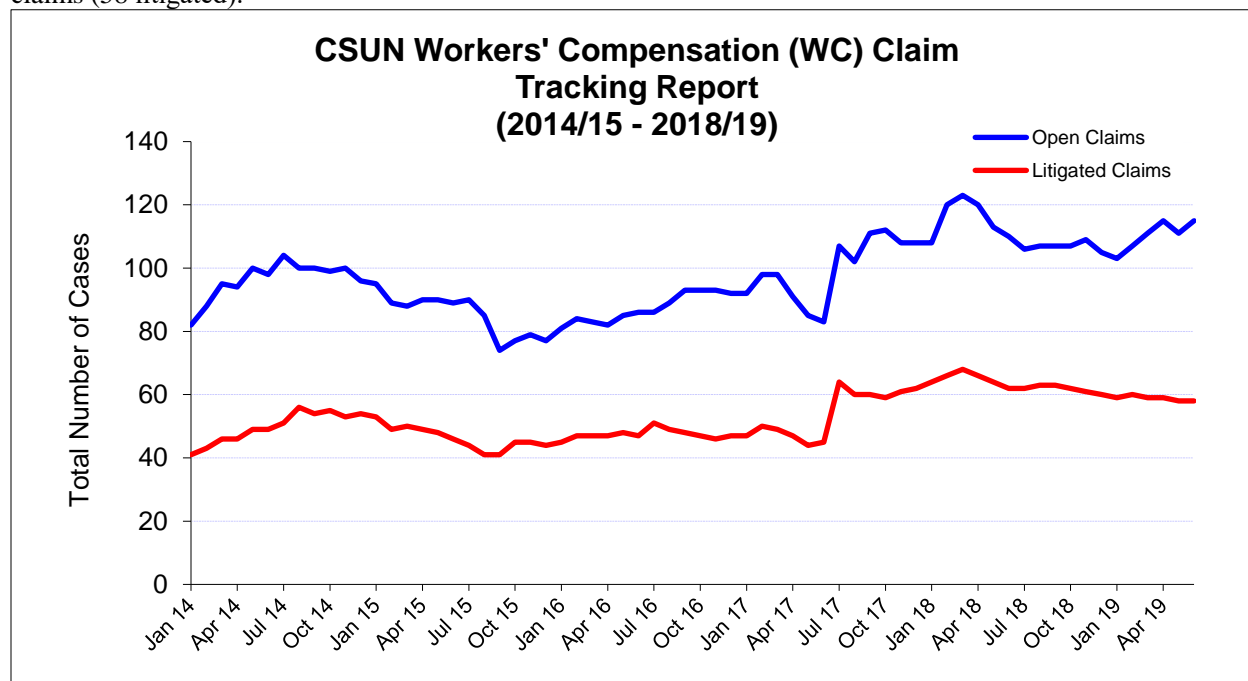
KEY MEASUREMENTS

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.

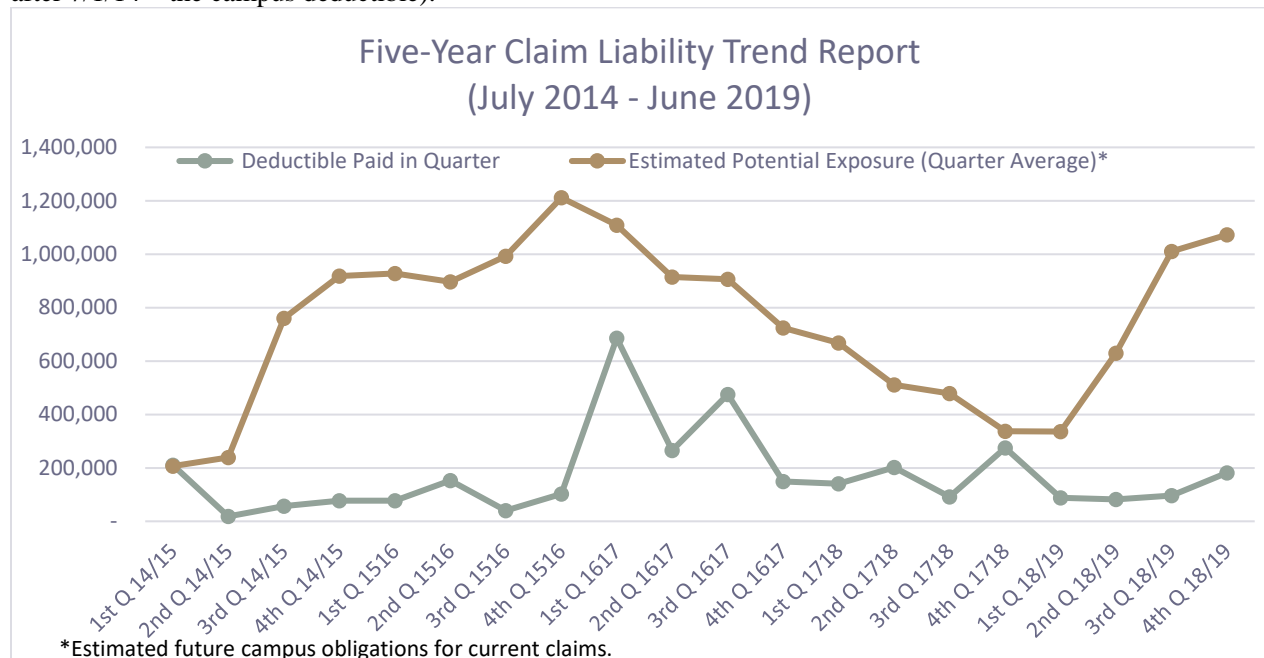
As the graph below indicates, FY 18/19 started with 106 open claims (62 litigated) and ended with 115 open claims (58 litigated).



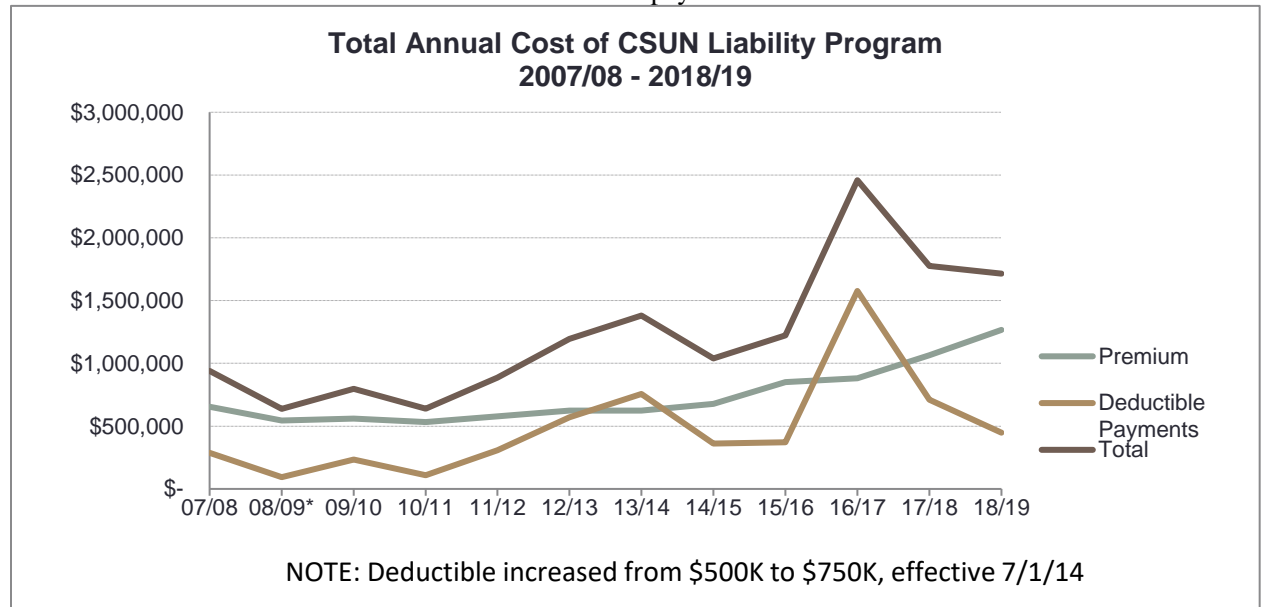
Liability

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 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 in FY16/17 years, but now appear to be headed downward. These decreases are due to lower deductible payments and a smaller number of claims in 2018/19.



2018/19 Significant Events

- Deductible payments continue to decrease from 2016/17 due to increased efforts to close claims as well as a smaller number of claims with lower value liability claim settlements and lower actual litigation costs.

2018/19 Risk Management Program Improvements

- Continued regular Risk Management, EH&S, Employee Relations, and Workers Compensation working group meetings.
- Continued 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.
- To bring campus awareness of Risk Management to the CSUN community, a week-long series through the Human Resources Professional Series was offered to all campus personnel and students entitled “Risky Business Week” in November 2018. Guest presentations included topics relevant to what is occurring within the higher education world such as freedom of speech, lessons learned in the San Bernardino shooting, international travel and kidnapping, and serving and protecting minor students on campus.
- Continued to provide the Risk Management presentation to the New MPP Employees Orientation every quarter.
- Terra Dotta International Travel database “myCSUNglobe” went live on 8/1/18. It was a successful launch. Provided training and workshops through the Human Resources Professional Series to all campus personnel and students about the program and the process. Continually reviewing the program to improve processes and adding modules.
- Provided information and worked with departments for risk mitigation solutions such as additional insurance policies for specific activities from the departments of Cinema and Television Arts (CTVA) and The Younes and Soraya Nazarian Center for the Performing Arts. These solutions help in lowering the general liability deductible costs for the campus.
- Outreach to participate as a guest speaker/lecturer to a CSUN class in Spring Semester on Risk Management.

2019/20 Risk Management Objectives

- Continue regular Risk Management, EH&S, Employee Relations, and Workers Compensation working group meetings.
- Continue to provide the Risk Management presentation to the New MPP Employees Orientation every quarter.
- Continue to provide training and workshops for staff, faculty, and students on the new international travel software Terra Dotta “myCSUNglobe” processes as needed. Looking to add to the module of working with another software database, Everbridge Crisis Management, which allows alert notifications to students/faculty/staff of the CSUN community on their cell phones.
- Continue to work with campus departments in finding solutions to mitigate and transfer risks such as additional insurance policies to aid in lowering the liability deductible costs.
- Continue to work with General Counsel on litigation matters/claims for the CSUN campus.
- Working with the Business Continuity Committee on updating and improving the Business Continuity planning for the departments and Campus.