

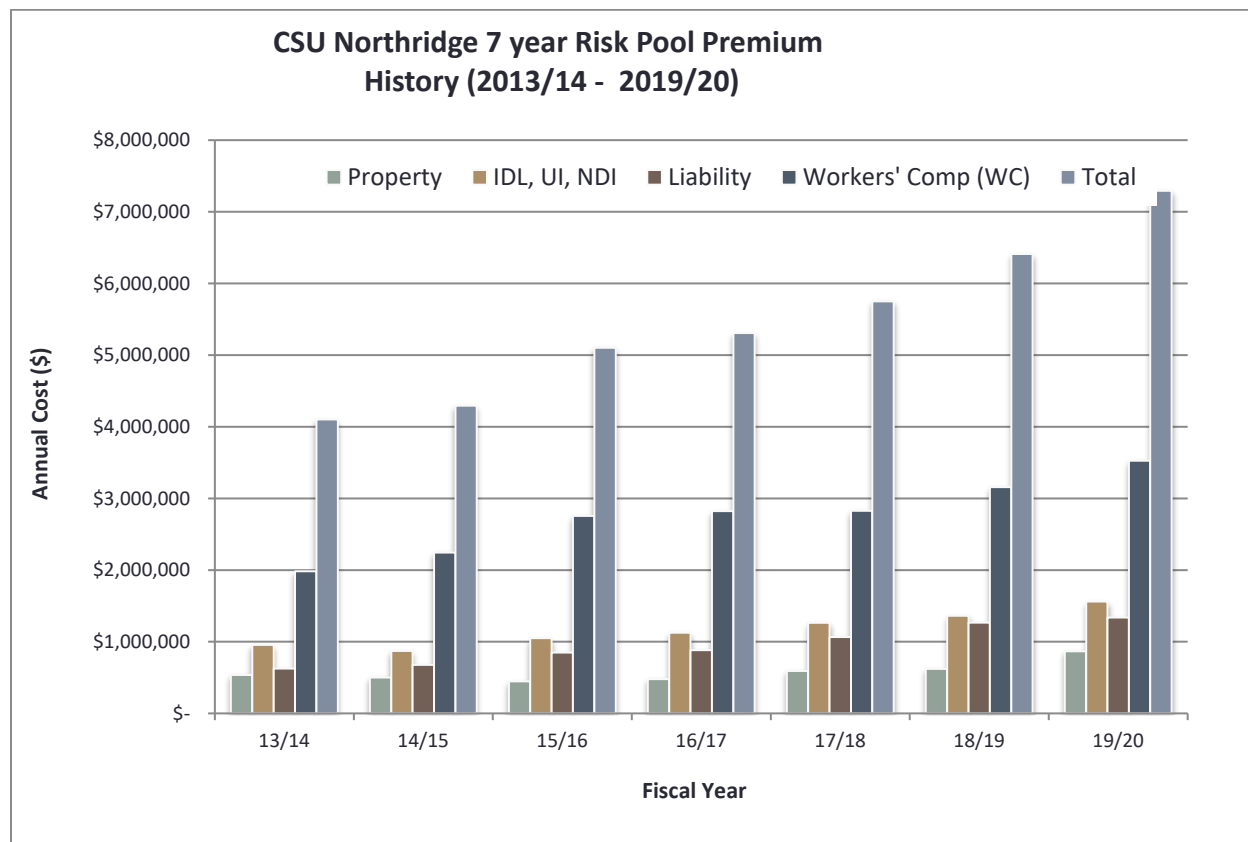
CSU Northridge Risk Management 2019/20 Annual Report

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 2019-20 year was 13.8%.



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 FY19/20 as well as the objectives for Risk Management for FY20/21. This report also satisfies the annual report requirements of CSU Executive Order (EO) 1069 Risk Management and Public Safety.

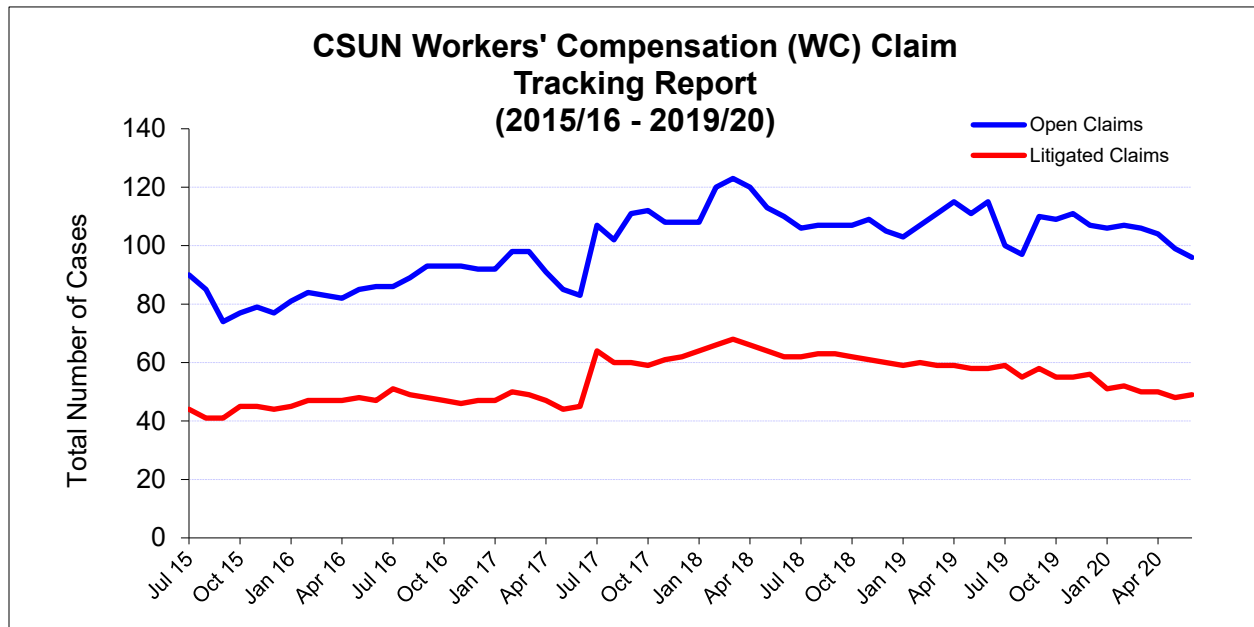
KEY MEASUREMENTS

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.

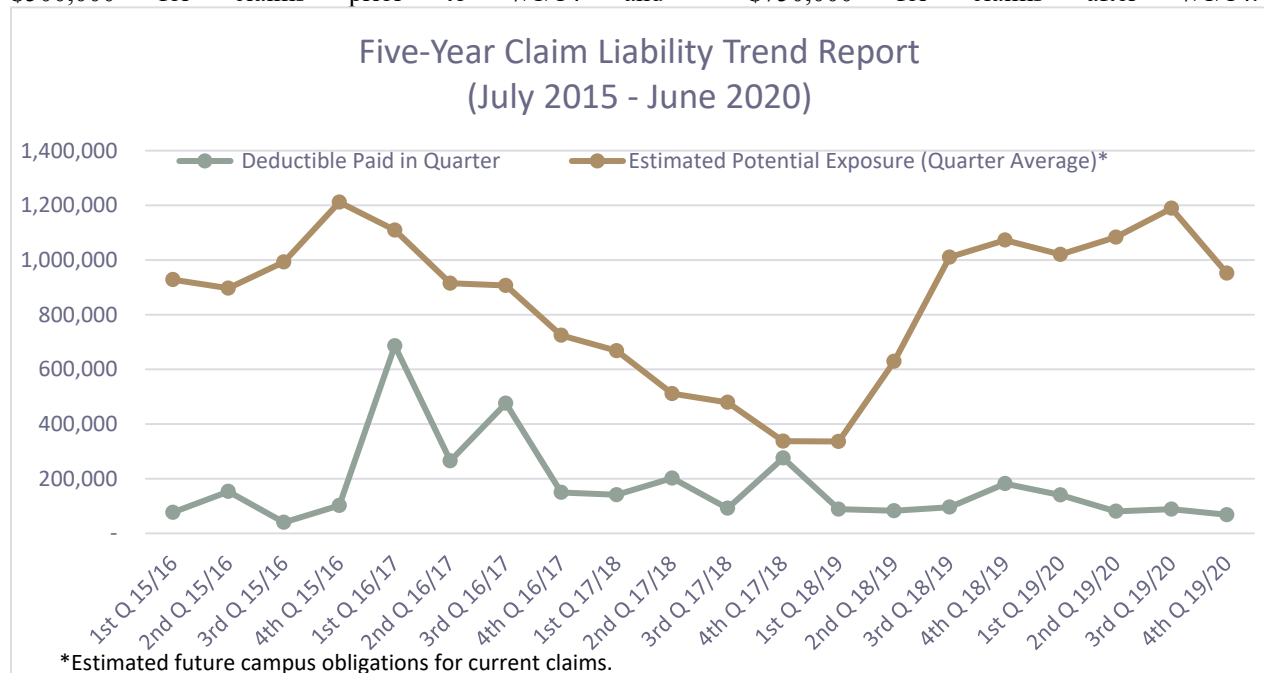
As the graph below indicates, FY 19/20 started with 100 open claims (59 litigated) and ended with 96 open claims (49 litigated).



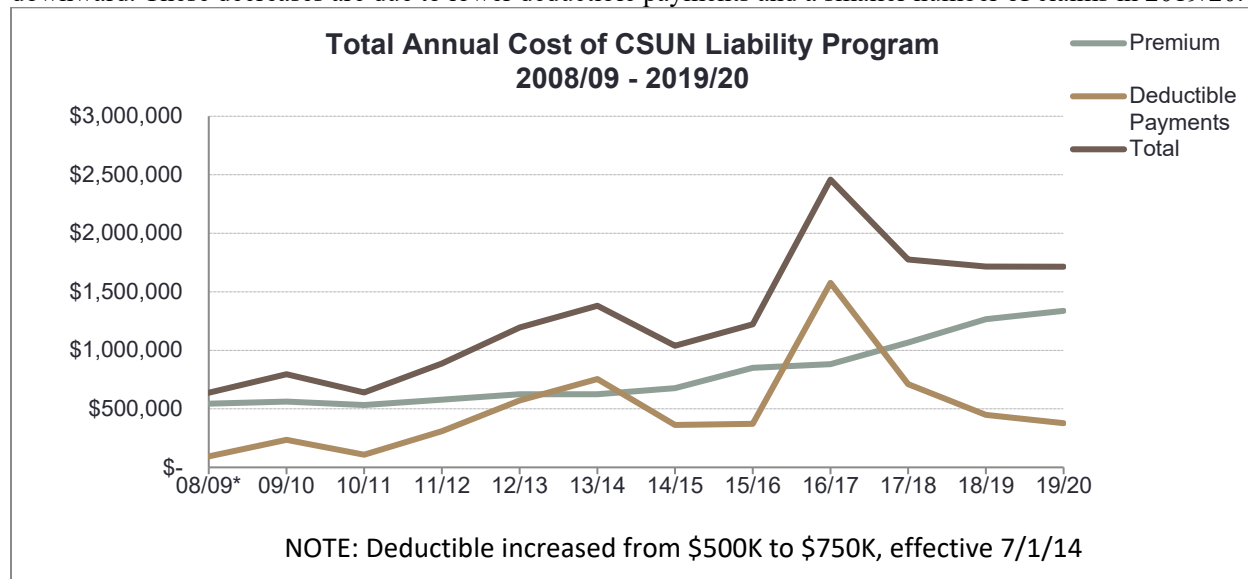
Liability

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 was a slight change in methodology used for counting claims to be included in the estimated potential exposure category; i.e., all claims with an estimated cost exposure of >\$1000 are included. It is also important to note that the maximum campus exposure (the campus deductible) for a single claim is \$500,000 for claims prior to 7/1/14 and \$750,000 for claims after 7/1/14.



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 2019/20.



2019/20 Significant Events

- Deductible payments continue to decrease from 2016/17 due to increased efforts to close claims as well as smaller number of claims with lower value liability claim settlements and lower actual litigation costs.
- Global COVID pandemic arrives in the USA around February 2020, and the University follows guidelines from the Governor Newsom on March 15, 2020 to request that employees self-isolate and work from home if they can. Student learning is moved immediately from in-person learning to virtual learning.

2019/20 Risk Management Program Improvements

- Risk Management Office is working from home and conducting business via phone or virtually on online platforms like Microsoft Teams and ZOOM beginning March 16, 2020.
- Continue regular Risk Management, EH&S, Employee Relations, and Workers Compensation working group meetings until March 2020 and then meet virtually via ZOOM.
- Continue to work with General Counsel on litigation matters/claims for the CSUN campus via ZOOM.
- New Health and Safety Committee consisting of Environmental Health and Safety, Student Health Center, Risk Management, Legal Department and Vice Provost is developed to review student clinical placements, internships, service learning activities that are now virtual, and if required to be in-person then to be reviewed for PPE, safety precautions, Liability Waivers as well as following the guidelines from the Los Angeles Department of Public Health and the CDC-Centers for Disease Control and Prevention.
- Continue to provide the Risk Management presentation to the New MPP Employees Orientation every quarter until February 2020.
- International programs and travel are suspended on March 1, 2020 due to the COVID and guidance from CDC. Terra Dotta International Travel database “myCSUNglobe” is used only for essential travel.
- Continue to work with the Business Continuity Committee on instituting the new VEOCI platform that will house all the business continuity plans.

2020/21 Risk Management Objectives

- As of July 1, 2020 the CSUN campus is still closed due to COVID and employees are working from home if they can, and majority of students are learning virtually (except for some classes that are approved to be conducted in-person).
- Vaccinations are out on emergency use authorization from the Federal Government and CSUN was a vaccination site beginning January 19, 2021, along with other CSU's.
- As of July 1, 2020, to present, Risk Management & Insurance is still continuing to work remotely and working with the Health and Safety Committee to review student clinical placements, internships, service learning activities that are still virtual, moving to in-person then to be reviewed for PPE, safety precautions, Liability Waivers as well as following the guidelines from the Los Angeles Department of Public Health and the CDC-Centers for Disease Control and Prevention.
- Plans to re-populate CSUN for the Fall 2021 to in-person learning and going back to work with hybrid models.
- As of May 2021, international travel is still suspended as there are Level 4 travel advisories to most of the world due to COVID. Plans to transition to a new module of the Terra Dotta platform to include Travel Registry to streamline the study abroad and international travel.
- Continue to work with General Counsel on litigation matters/claims for the CSUN campus via ZOOM.
- Continue to work with the Business Continuity Committee on instituting the new VEOCI platform and transforming it to fit CSUN's needs for all its business continuity plans.