

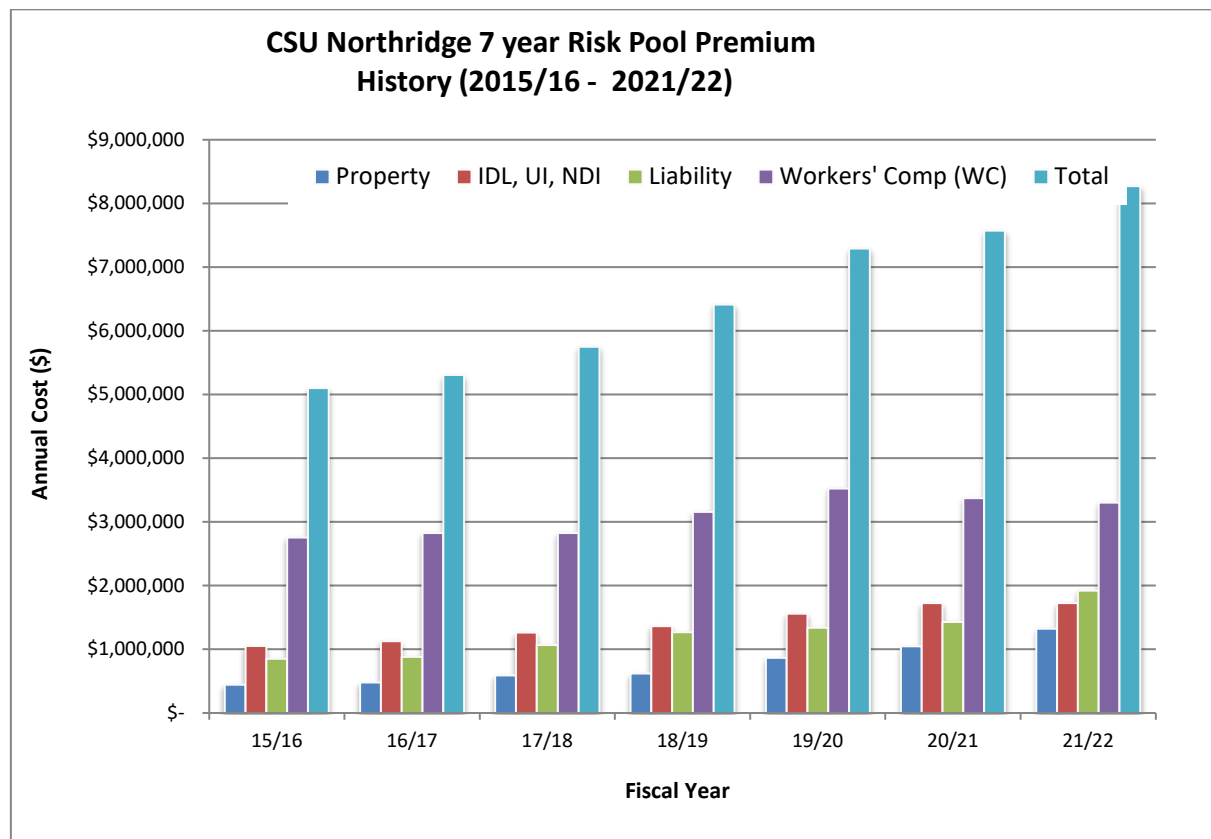
# CSU Northridge Risk Management 2021/22 Annual Report

## 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
- Athletic Injury Medical Insurance

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 2021-22 year was 9.22%.



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 FY21/22 as well as the objectives for Risk Management for FY22/23. This report also satisfies the annual report requirements of CSU Executive Order (EO) 1069 Risk Management and Public Safety.

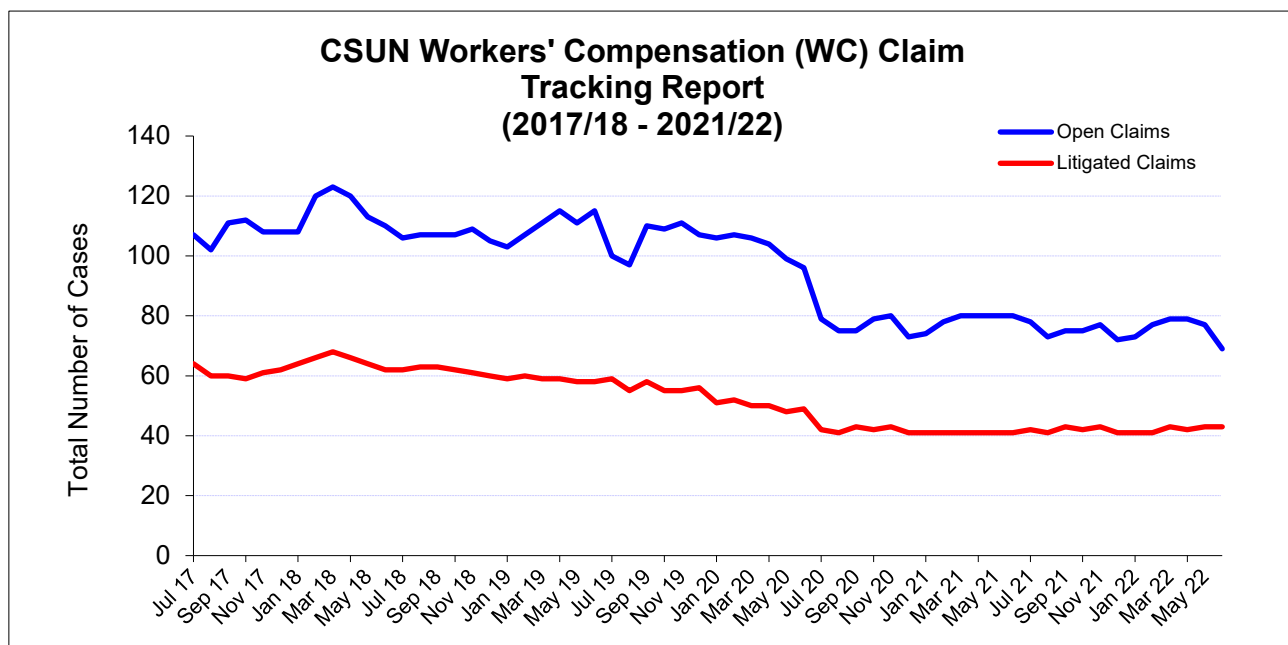
## KEY MEASUREMENTS

### 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.

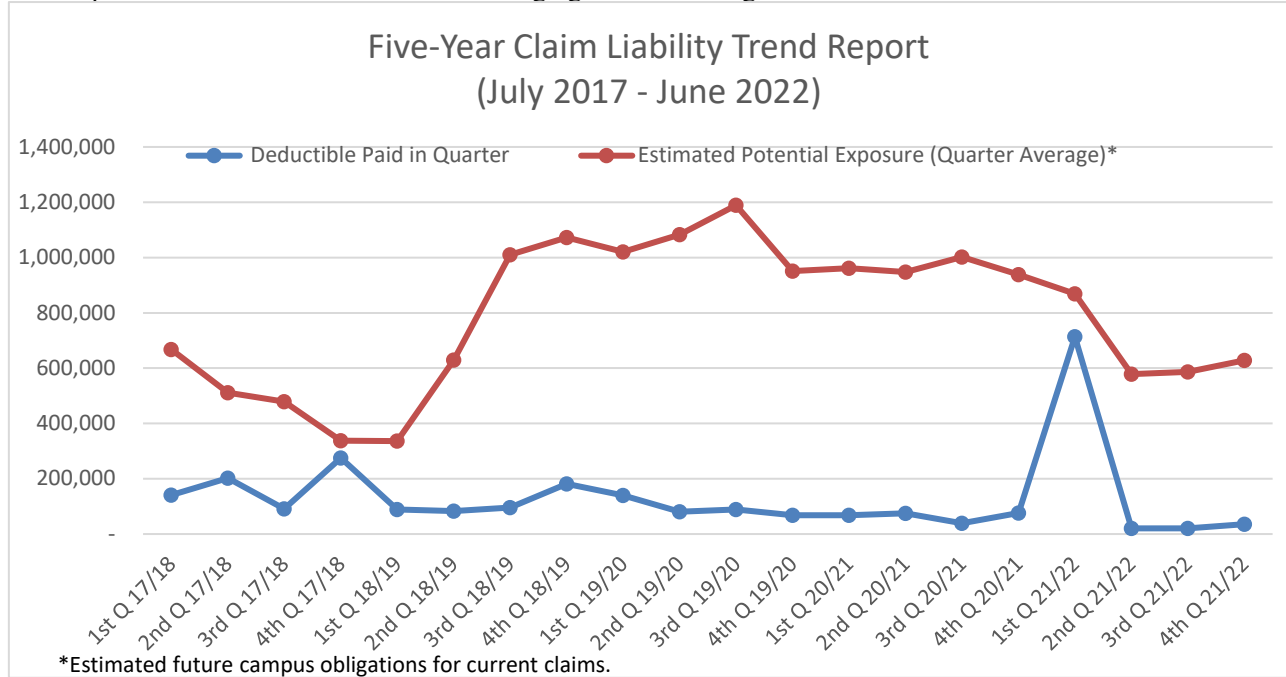
As the graph below indicates, FY 21/22 started with 78 open claims (42 litigated) and ended with 69 open claims (43 litigated).



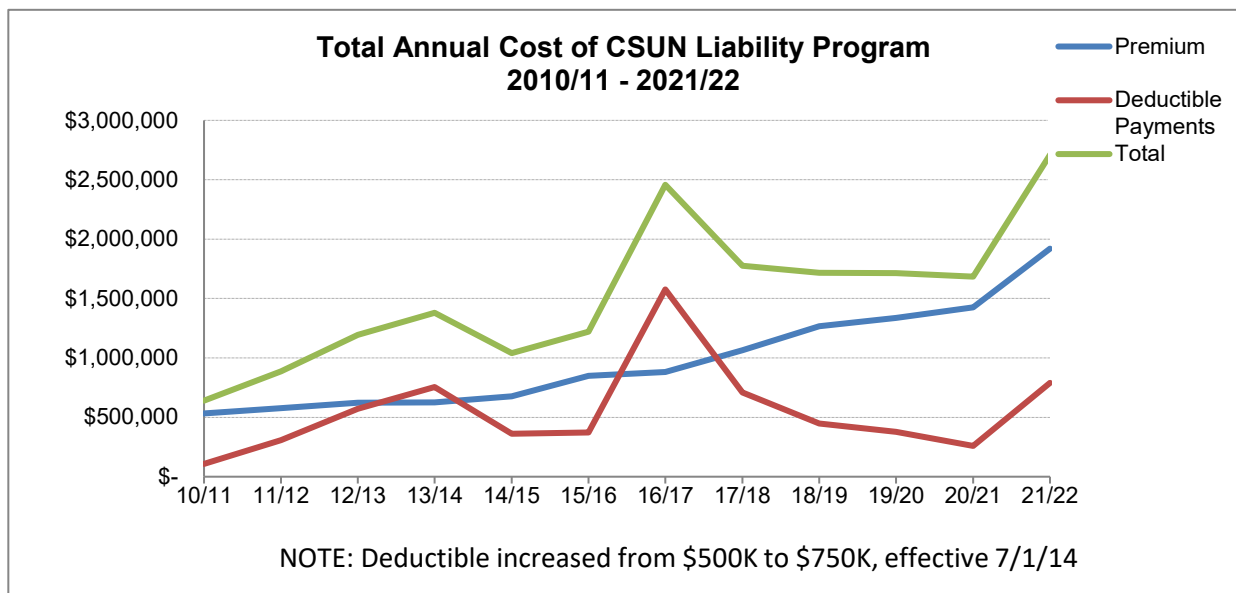
**Liability**

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 2017/18, 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 \$750,000. The increase in the 1<sup>st</sup> Quarter of 21/22 consists of 2 large claims outstanding but by the second month in that quarter one of the claims was closed bringing the outstanding cost down.



**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 and lowered the following years. In FY21/22, we have 2 large claims outstanding which increased our deductible payments.



## **2021/22 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. Although we had 2 large claims outstanding, we were able to settle a claim bringing our outstanding costs down.
- Global COVID pandemic is slowing down and staff are coming back to CSUN to work in hybrid work schedules consisting of coming to campus and telecommuting depending on department needs. There are many precautions and protocols to follow COVID guidelines according to CDC in the University to keep employees safe at the work place.

## **2021/22 Risk Management Program Improvements**

- Risk Management Office is on a hybrid schedule to work some days on campus and telecommute other days.
- Most meetings are still being held virtually via ZOOM.
- Continue regular Risk Management, EH&S, Employee Relations, and Workers Compensation working group meetings meeting virtually via ZOOM.
- Continue to work with General Counsel on litigation matters/claims for the CSUN campus via ZOOM.
- As of July 1, 2021, Risk Management & Insurance is continuing participation in the Health and Safety Committee to review student clinical placements, internships, service learning activities as we come out of the pandemic and try to return to normal operations. Still in place are COVID protocols for activities that are transitioning to in-person which includes review of adequacy of personal protective equipment (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.
- International travel is beginning to start slowly as the State Department begin to lower travel safety advisory designations for some countries.
- CSUN begins implementation of the new Terra Dotta platform, Travel Registry, to streamline study abroad and international travel.
- Continue to work with the Business Continuity Committee on implementing the new business continuity planning platform, Veoci. Departments are now completing their business continuity plans and submitting for review.

## **2022/23 Risk Management Objectives**

- COVID is still apparent on campus and protocols are still being followed as directed by the guidelines from the Los Angeles Department of Public Health and the Centers for Disease Control and Prevention; but we are beginning to see signs of loosening protocols. Risk Management will continue to work with the Health and Safety Committee to assess risk levels and ensure safety of our students and employees.
- CSUN campus is increasing the number of classes with on-campus instruction and more employees are increasing the number of days worked on campus. Risk Management will continue to work with students and departments on insurance needs as activities increase for the campus.