

**San Francisco State University Enterprise Risk Management**  
**FY 2015/2016 Annual Report**  
*(For ERM website)*

**Introduction**

This report is submitted in accordance with the CSU Technical Letter, RM 2011-05, which requires a Risk Management report to be submitted annually.

**Risk Pool and Insurance Costs**

The California State University Risk Management Authority (CSURMA) insurance premium contributions paid by the campus in the fiscal year provided coverage for Liability, Workers' Compensation, Industrial Disability (IDL), Non-Industrial Disability (NDI), Unemployment (UI), Property, Athletics Injury Medical Expense (AIME) and Auto Liability Coverage. For comparison, Table 1 below outlines the campus premium contributions for the past and current fiscal years.

**TABLE 1**

	<b>FY 15/16 Actual</b>	<b>FY 16/17 Adopted</b>	<b>\$ Chg</b>	<b>% Chg</b>
Liability	\$ 592,703	\$ 550,435	\$ (42,268)	-7.1%
Workers' Comp	2,545,888	2,445,638	(100,250)	-3.9%
IDL/NDL/UI	1,052,297	1,045,382	(6,915)	-0.7%
Property	469,726	510,705	40,979	8.7%
AIME	68,814	84,293	15,479	22.5%
Auto Liability	23,730	29,154	5,424	22.9%
<b>Total</b>	<b>\$ 4,753,158</b>	<b>\$ 4,665,607</b>	<b>\$ (87,551)</b>	<b>-1.8%</b>

Liability, Workers' Compensation and IDL/NDI/UI premium contributions are based on campus loss history and payroll. Our Vehicle Liability premium is based on loss history and the number of vehicles owned by the campus. Our total premium contribution for the 16/17 fiscal year are estimated to decrease by 1.8% when compared to the past year. Our Liability, Workers' Compensation and IDL/NDI/UI insurance premium contributions will decrease 7.1%, 3.9% and 0.7% respectively when compared to last year, while our Property, AIME and Auto Liability insurance premium contributions will increase 8.7%, 22.5% and 22.9% respectively when compared to last year. The increase in Property costs is driven primarily by the CSURMA overall loss experience. The Property insurance program is not experience-rated at the campus level but the large property loss at the Cal State LA campus is negatively affecting all campuses. The

increase in AIME premium contributions is due to SF State’s claims history. Recent trends show improvement, but 2010-11 and 2012-13, which effect current year rating, were unfavorable claim years. 2010-11 claims will drop off the rating plan for FY 17-18, which should lower the University’s rate. The increase in State Auto Liability Program costs is the result of losses from all State of California departments, which increased the CSU’s allocation of the increased, statewide costs.

**Liability Claims Experience**

SF State began fiscal year 2015/2016 with 15 open liability claims. Ten new claims were submitted during the year and 7 claims were closed.

**Science Building Claim (Date of Loss: 12/3/2013)**

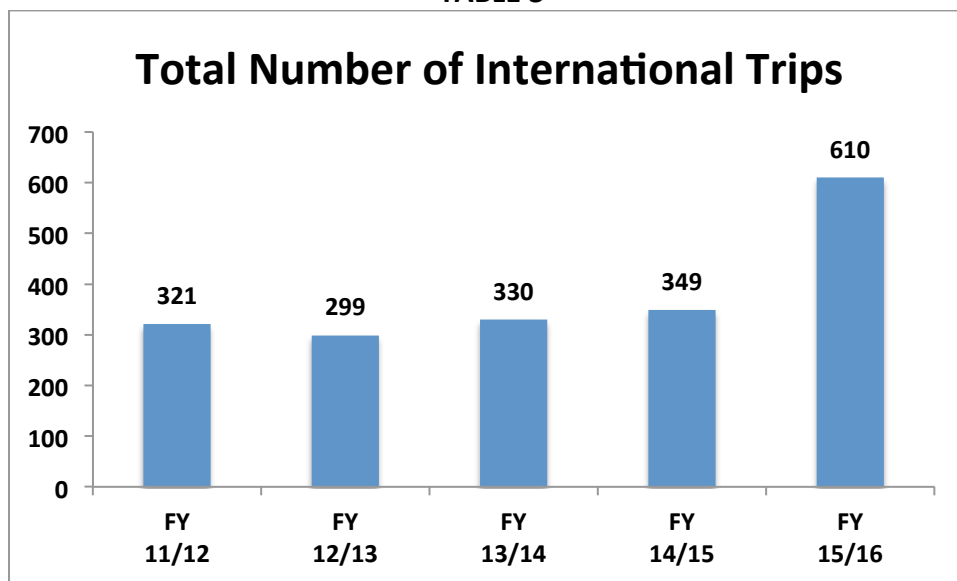
Enterprise Risk Management continues to work on a resolution to the Science Building claim.

**Foreign Travel Insurance Program**

All faculty, staff or students who travel internationally are required to use the CSU’s Foreign Travel Insurance Program (FTIP). This requirement applies to all SF State students participating in the Office of International Programs Study Abroad programs.

Usage of FTIP increased by 261 travelers, or 74.79%, in FY15/16. See Table 3. This increase is the result of increased participation by the Office of International Programs study abroad trips.

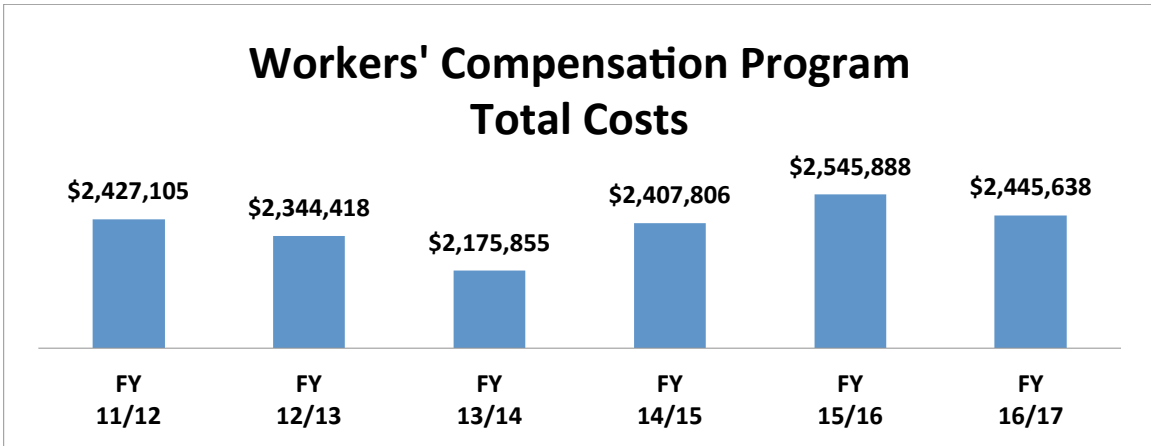
**TABLE 3**



**Workers' Compensation Program**

Our Campus experience-modification factor and rate per \$100 in payroll are outperforming the overall System-wide metrics resulting in a reduction in our annual workers' compensation program deposits of more than \$100,000 for FY 16/17 despite a slight increase in the Campus payroll (which is used, along with the ex-mod, in the individual campus allocation process). See Table 4 below.

**TABLE 4**



**TABLE 5**

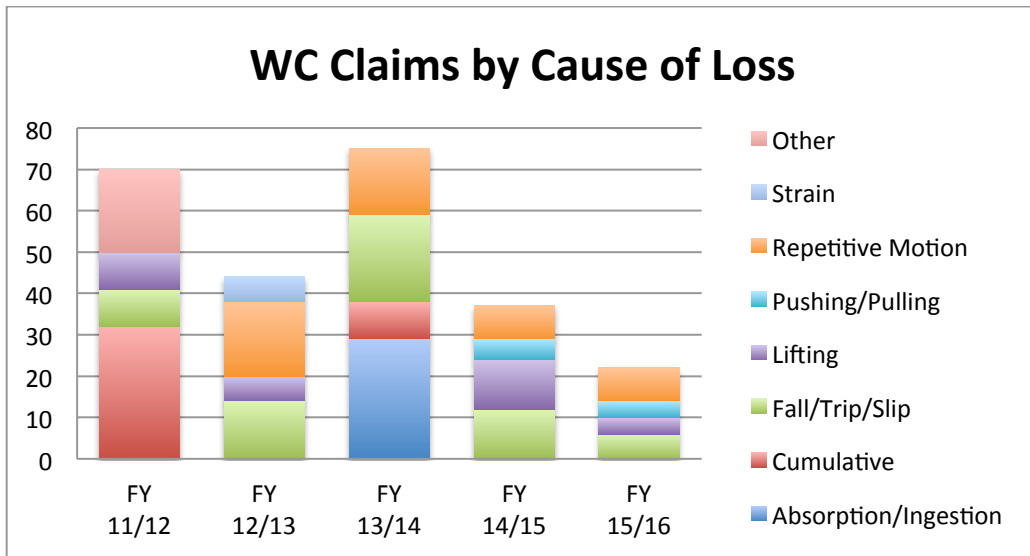


Table 5 shows cause of loss trends over the past five fiscal years. As you can see, the highest volume of claims resulted from 'cumulative' (occurring over time), 'lifting', 'repetitive motion' and 'fall, trips and slips' causes of loss with the exception of fiscal year FY13/14, the year in which a large volume of claims for 'absorption, ingestion, or inhalation' resulted and were directly related to the Science Building and its closure. In

the fall of 2014, in an effort to reduce the number of claims classified as cumulative, repetitive motion, and strains resulting from poor desktop ergonomics, EHS hired an ergonomic consultant to perform ergonomic workstation assessments. These efforts resulted in reducing the number of these claims to 6 for FY 15/16 from a high of 26 in FY 11/12, a 76% decrease.

The departments with the highest volume of claims have consistently been Facilities, University Property Management, and the University Police Department. This is to be expected due to the physical nature of their day-to-day duties.

### **Business Continuity Program**

In June 2016, the Campus engaged a business continuity planning consultant, Tracy Knippenburg Gillis, to assist the Campus in updating and finalizing business continuity plans for each department. It was decided Administration & Finance would be the most appropriate starting point and worked with department heads to update their plans. Of the 21 A&F departments, 15 have made significant progress and resources have been allocated to ensure continuous momentum of this initiative. A formal program plan has been developed to assist A&F departments in finalizing their plans. We will be engaging Academic Affairs and Student Affairs & Enrollment Management as part of our FY 16-17 business continuity initiative.

### **Audit, Risk and Compliance Committee**

The Audit, Risk and Compliance (ARC) Committee was established on July 10, 2015 to identify and manage the full range of risks that the University faces. Chaired by Ron Cortez, Vice President for Administration & Finance and CFO, the Committee met eight times in FY 1516. Topics discussed over the course of the year include:

- Audit and Advisory Services
- Development of Department Risk Dashboards
- Finance Risk Assessment
- Fine Arts, Drones and ERM Assessments
- Fleet Management and Driver Safety
- El Nino Emergency Preparedness
- Business Continuity Planning

Through the ARC Committee, we have been able to encourage collaboration among varied divisions on campus to champion strategies for managing risks while helping the University to fulfill its mission.

## **Conclusion**

2015-16 has been a year of much change and great successes. With three new Enterprise Risk Management staff members, including a new Risk Manager, we are very pleased with how the campus community has responded to our efforts to integrate ourselves into the campus community and assist the Campus in advancing its mission and promoting a culture of safety Campus-wide while simultaneously maintaining high standards for customer service and fiscal responsibility.

The encouragement our department has received from Campus leadership is integral in helping Enterprise Risk Management further the exciting campus initiatives that make SF State such a highly respected institution. We truly appreciate the support we have received from President Wong and Vice President/CFO Ron Cortez.

Signed: Michael Beatty, Risk Manager, Risk & Analytics