

Annual Report



Enterprise Risk Management

Fiscal Year 2019-2020

Prepared by: Michael Beatty, Director, Enterprise Risk
Management

San Francisco State University Enterprise Risk Management FY 2019/2020 Annual Report

Introduction

This report is submitted in accordance with Executive Order 1069 which requires an annual risk management report to be submitted annually to the Campus President with a copy to the Director, CSU Systemwide Risk Management.

San Francisco State University Enterprise Risk Management Team

Jay Orendorff, Associate Vice President, Business Operations

Emily Alayan, Student Assistant

Aimee Arica, Risk Management Coordinator

Michael Beatty, Risk Manager

Demond Blanton, Manager, Workers' Compensation & Loss Control Programs

Solinna Kim, Risk Analyst

Nina Shaver, Administrative Analyst

A copy of the Enterprise Risk Management Organization Chart is included as Appendix 1.

**Prepared by: Michael Beatty
Director, Enterprise Risk Management**

October 6, 2020

Risk Pool and Insurance Costs

The California State University Risk Management Authority (CSURMA) provides self-insurance coverage programs for liability, workers' compensation, industrial disability leave, non-industrial disability leave, unemployment insurance, property, athletic injury medical expense and auto liability. **TABLE 1** below details the campus premium contributions for each coverage program for the prior and current fiscal years.

TABLE 1
CSURMA COVERAGE PROGRAM COST COMPARISON

	FY 19/20	FY 20/21	Variance (\$)	Variance (%)
Liability *	\$ 2,147,255	\$ 2,419,244	\$ 271,989	12.7%
Worker's Compensation	2,799,396	2,926,250	126,854	4.5%
IDL/NDI/UI	1,177,200	1,130,209	- 46,991	-4.0%
Property**	937,703	1,107,964	170,261	18.2%
Auto Liability	33,814	38,853	5,039	14.9%
AIME	87,435	78,752	- 8,683	-9.9%
	\$ 7,182,803	\$ 7,701,272	\$ 518,469	7.2%
* Campus elected to increase its Liability Program deductible from \$250k to \$500k for FY20/21, FY21/22 and FY22/23, effective 7/1/20, in an effort to reduce upfront costs.				
** Property increase are due to both CSU losses and overall market trends.				

INSURANCE COST ANALYSIS

Liability Program

The CSURMA Liability Program provides coverage for general liability, errors & omissions, employment practices, and other types of liability claims. Liability premium contributions are calculated using actual claim payments (regardless of initial date of loss) from the previous five, complete policy years. Claim costs from 14/15, 15/16, 16/17, 17/18 and 18/19 were used in calculating our experience modification factor and premium contributions for FY 20/21.

Because of significant increases in historical claim costs resulting from older, high-value employment practices claims activity used to calculate future years' rates, SF State's liability premium contributions for FY 20/21(at the \$500,000 deductible) were to increase 41.6%, from \$2,147,255 in FY19/20 to \$3,041,462. To offset this increase, the University increased its Liability Program deductible from \$250,000 to \$500,000 for FY20/21, FY21/22 and FY22/23, resulting in Liability Program cost savings of \$622,218 annually.

Below, Column A in **TABLE 2** charts SF State's liability claim expenses paid by CSURMA over the past six fiscal years. Columns B and C show the "capped" liability claim expenses used for Liability Program premium rating for FY 20/21 and FY 21/22.

TABLE 2
LIABILITY PROGRAM CLAIM PAYMENTS BY FISCAL YEAR
ACTUALS vs. “CAPPED”

	A	B	C
FISCAL YEAR	ACTUAL PAID CLAIMS	“CAPPED” CLAIMS FOR FY 20/21 RATING¹	“CAPPED” CLAIMS FOR FY 21/22 RATING
14/15	\$186,960	\$24,908	
15/16	\$478,546	\$355,727	\$355,727
16/17	\$1,803,789	\$1,248,118	\$1,248,118
17/18	\$2,600,788	\$1,629,419	\$1,629,419
18/19	\$6,164,878	\$1,010,521	\$1,010,521
19/20	\$1,478,080		\$306,579
TOTAL	\$12,713,041	\$4,268,693	\$4,550,364

The overwhelming majority of SF State’s claim expenses arise from employment practices liability (EPL) claims. EPL claims include claims of sexual harassment, discrimination and wrongful termination. EPL claim frequency (the number of claims) is trending in a positive direction after several difficult years. No EPL claims were submitted in FY19/20 while FY18/19 saw only one (since closed) and FY17/18 saw two small EPL claims (one closed and one ongoing). Similarly, the severity (the cost of claims) of EPL claims is also decreasing. In FY19/20, actual liability claims expenses paid by CSURMA on SF State’s behalf fell to their lowest amount since FY15/16.

By aligning the ongoing training opportunities for SF State management, which have included effective personnel handling, conflict resolution and proper personnel documentation practices, with the current collaboration between Academic Affairs, Employee Relations, Enterprise Risk Management, Human Resources and University Counsel, we will position ourselves to improve upon these positive EPL claim trends

Workers’ Compensation Program

Workers’ Compensation premiums are calculated using campus historical loss history and annual payroll. Workers’ Compensation coverage program costs will see a 4.5% increase for FY 20/21. This increase is primarily the result of a 4.44% increase in FY 18/19 payroll (used in calculating rates for FY 20/21).

IDL/NDI/UI Program

Industrial Disability Leave (IDL), Non-industrial Disability Leave (NDI) and Unemployment Insurance (UI) costs are based on historical loss history and payroll. Costs for the IDL/NDI/UI program decreased 4.0% for FY 20/21. This decrease in claims can be attributed to proactive claims management by ERM since ERM assumed administration of the unemployment insurance program on July 1, 2017. To streamline the claims

¹ Actual paid claim amounts are capped at \$35,000 and \$500,000 for program rating purposes. For example, if a claim is settled for \$750,000, only \$500,000 of the claim payment is used in the calculation of future premium costs.

administration process and realize workflow efficiencies, administration for the IDL/NDI/UI program reverted back to Human Resources, effective March 1, 2020.

Property Program

Property insurance premiums are calculated using the total insurable values for all campus buildings. All campus buildings are covered for loss due to fire, water damage, flood, smoke and most other perils. However, coverage for loss due to earthquake is excluded. Coverage for building contents is excluded unless a business unit specifically schedules the equipment through ERM and pays an additional premium.

SF State's FY 20/21 property insurance costs will increase by 18.2%, or \$170,261 after increasing 36.3% in FY 19/20. The property insurance marketplace continues to see a "hardening" of rates as the result of catastrophic closes, both globally and locally in California. The industry continues to charge premium rate increases to all policyholders in an effort to shore up loss reserves after significant payouts in FY 17/18 and FY 18/19. The Camp Fire in Northern California was the costliest single natural disaster in the world for insurers in 2018, resulting in \$12.5 billion in losses.

Auto Liability Program

The automobile liability program costs are assigned to the CSU by the State of California. Costs are then apportioned to the individual campuses based on vehicle fleet size.

SF State's auto liability costs for FY 20/21 will increased 14.9%, to \$38,853, due to an increase in vehicle fleet size. SF State auto liability claims continue to be negligible. Mandatory Driver Safety Program training, strict incident reporting requirements and effective fleet maintenance and management are all reasons for the low rate of claims and resulting cost stability.

Athletic Injury Medical Expense (AIME) Program

The NCAA provides catastrophic coverage for athletes injured while participating in NCAA-sanctioned events (practices, games, etc.). The NCAA catastrophic coverage has a \$90,000 deductible. The AIME program provides coverage for injured NCAA athletes up to the NCAA's \$90,000 attachment point. Costs for FY20/21 are estimated to decrease 9.9% due to favorable claims activity though individual campus rates for FY 20/21 have not yet been finalized by CSURMA's AIME Committee.

OTHER RELEVANT INFORMATION

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

Enterprise Risk Management continues to proceed toward a resolution of the 2013 Science Building claim. Because of the high value of this claim, any settlement will impact both SF State and CSURMA. As such, the Office of General Counsel (OGC) has taken the lead on this case and has engaged the law firm of Pillsbury & Coleman as coverage counsel on behalf of SF State/CSURMA. Pillsbury & Coleman continues to advance our coverage position and implement our comprehensive litigation strategy.

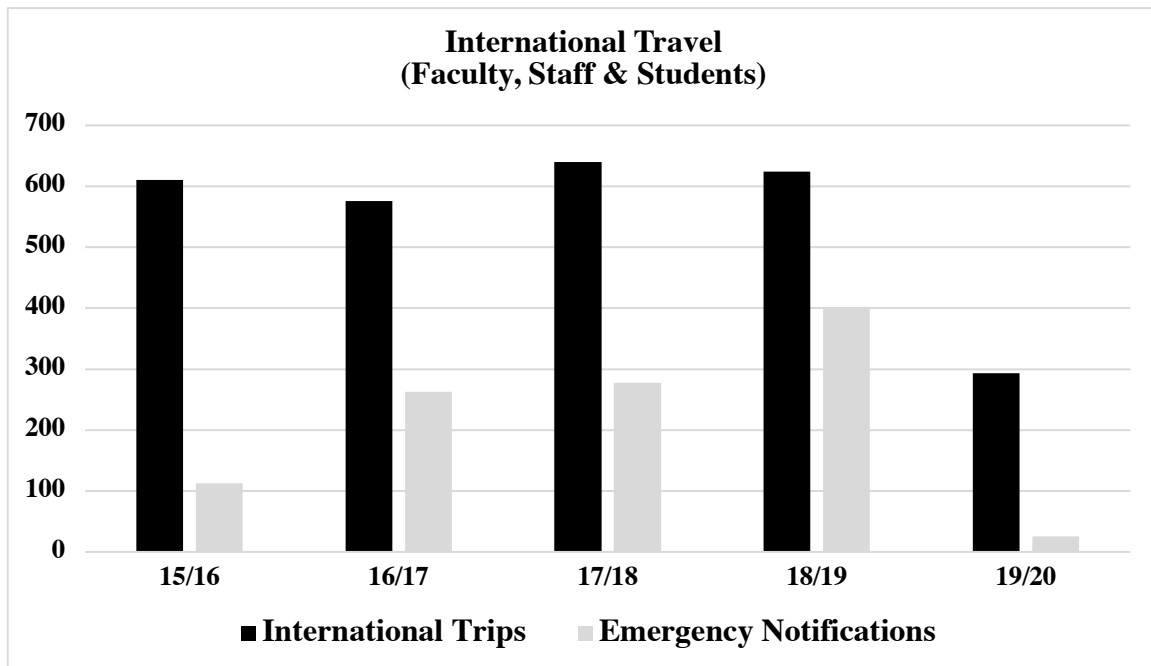
3rd Annual Campus Safety Week

ERM, in collaboration with University Police Department and Environment, Health and Safety, our 3rd annual Campus Safety Week. During the week of October 14th, hundreds of faculty, staff, students and the general public took part in over a dozen presentations on various health and safety topics. Fifteen campus departments and outside vendors participated in the October 14th Campus Safety Week kick-off event on the Quad.

Foreign Travel Insurance Program Administration

International travel continues to present a significant risk to the University. Ensuring the safety of our campus community while performing academic coursework and research and professional development opportunities overseas in an unstable geopolitical environment is one of the greatest challenges we face. Yet, providing such opportunities is vital to SF State's mission. All faculty, staff and students who travel internationally, including students enrolled in short-term and long-term Study Abroad programs, are required to enroll in the CSU's Foreign Travel Insurance Program (FTIP). **TABLE 3** below details the number of university-related international trips taken by faculty, staff and students. As you can see from Table 3, the onset of the pandemic and the resulting international travel ban imposed by the Chancellor's Office on March 29, 2020 severely impacted international travel for faculty, staff and students.

**TABLE 3
FOREIGN TRAVEL INSURANCE PROGRAM PARTICIPANTS**



The onset of the pandemic significantly upended university-related international travel for faculty, staff and students. Effective March 9, 2020, the CSU suspended all international travel requiring faculty and staff to cancel all future travel arrangements. Additionally, dozens of students participating in international study abroad programs were required to

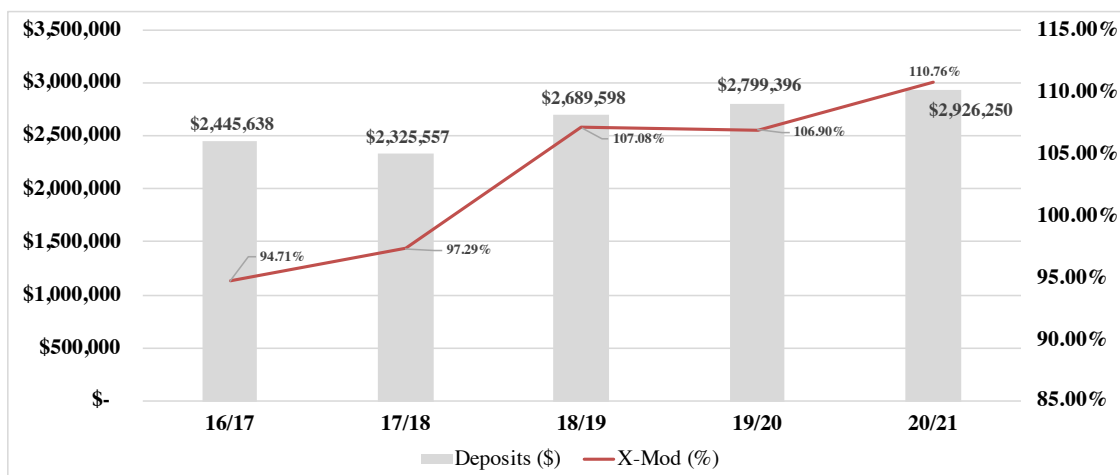
return to the United States. ERM worked diligently with the Office of International Programs (OIP) to provide guidance to affected students and their parents. ERM and OIP received dozens of inquiries from students and parents concerning submitting claims against the CSU's foreign travel insurance program to have pandemic-related expenses reimbursed. Unfortunately, claims arising from pandemic are excluded from the CSU's foreign travel coverage. CSURMA provided a resolution to the coverage exclusion by agreeing to reimburse campuses for "approved" extra expenses incurred by students participating in study abroad programs, up to \$2,500 per student. Campuses were required to develop a process to allow students to submit expense reimbursement requests which then were required to first be reviewed and approved by the campuses. Campuses were required to reimburse students for allowable expenses. Campuses then were required to provide detailed documentation for reimbursement by CSURMA.

ERM collaborated with Fiscal Affairs to quickly develop a streamlined reimbursement request process to meet both students' urgent financial needs and CSURMA's stringent review requirements. Ultimately, ERM reviewed reimbursement requests from 16 students. 13 of the requests were approved for a total of \$9,454.33 in reimbursed expenses while three reimbursement requests were denied due to reimbursement requests for ineligible expenses or an inability to provide sufficient documentation.

Workers' Compensation Coverage Program

The Workers' Compensation Program continues to perform better than the CSU as a system. **Table 5** below shows a 4.5% increase in our annual costs for workers' compensation coverage resulting primarily from a 4.4% increase in FY 18/19 payroll (used in calculating rates for FY 20/21). SF State's open workers' compensation claim count decreased from 73 on 7/1/19 to 52 on 6/30/2020. The number of new claims also decreased from 74 in FY 18/19 to 51 in FY 19/20. The Workers' Compensation Program saw a 38% increase in the number of workers' compensation claim settlements in FY 19/20. SF State successfully settled 16 claims in FY 18/19 and increase the number of closed claims to 22 in FY 19/20.

TABLE 5
WORKERS' COMPENSATION PROGRAM DEPOSITS AND EXPERIENCE
MODIFICATION FACTOR



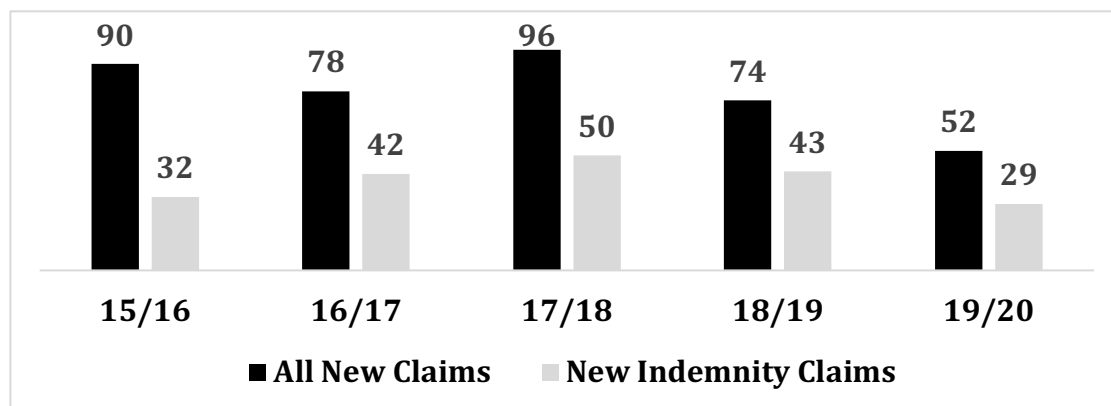
Workers' Compensation Claims Management

Two standard performance metrics used in the workers' compensation field to gauge the level of success in managing the health and safety of an organization's employees are the number of new claims overall and the number of "indemnity" claims. Indemnity claims are claims that result in lost time from work, and/or permanent disability benefits.

Reducing the number of workers' compensation claims demonstrates that an organization is providing the equipment and training needed for employees to perform their duties without getting injured. Of course, accidents can happen. But, the goal of an effective workers' compensation program is to minimize accidents resulting in employee injuries while simultaneously managing open claims to expedite an employee's return to work.

As previously noted, the number of new workers' compensation claims in FY 19/20 decreased from 74 claims to 52 claims, a 31% reduction. The number of indemnity² claims also dropped from 43 claims to 29 claims, a 33% reduction in FY 19/20. **Table 6** shows SF State's historical trends in the filing of all new claims and new indemnity claims.

TABLE 6
ALL NEW CLAIMS AND NEW INDEMNITY CLAIMS



Ergonomic Assessment and Equipment Cost-Matching Program

SF State is committed to helping our faculty and staff perform their work-related duties in an ergonomically safe and healthy environment. SF State's Ergonomics Program includes workstation assessment services and an ergonomic equipment cost-matching program. The ergonomics assessment program allows us to proactively identify and eliminate ergonomic issues that can cause musculoskeletal disorders. The equipment cost-matching program provides financial relief to business units who lack the resources to fund ergonomic equipment purchases for their employees.

² Indemnity is the amount paid to an injured employee to help the employee cover their loss of income. A low indemnity claim count is a good indicator that an organization's injuries have low severity.

SF State's ergonomics program saw a significant increase in utilization during FY 19/20 due to the onset of the pandemic and the transition of the entire workforce to remote work. ERM performed as many ergonomic assessments from April to June (27) in 2020 as we did in all of FY 18/19 (25).

Campus-wide Business Continuity Program

In the past year, Enterprise Risk Management has focused on ensuring Administration and Finance units completed their business impact analyses and had a basic business continuity plan. Units in other cabinet areas who volunteered to complete a business impact analysis were also supported. These units were well equipped for the initial response to depopulation of the Campus in response to COVID-19.

With the compounded challenges presented by the COVID-19 pandemic, political tension, economic disruptions, and other environmental impacts like the wildfires, it is imperative now more than ever that the University document its lessons learned thus far and standardize its business continuity strategies. In the next few months, ERM will publish an after-action form to collect lessons learned from the various business units and aggregate findings into one report for executive leadership to also satisfy the requirement outlined in a systemwide memorandum.

Implementing business continuity measures in response to COVID-19 satisfies the requirement for business units to test their business continuity plans. However, each business unit must participate in an after-action review and incorporate lessons learned into their plans.

Conclusion

Enterprise Risk Management continues to improve existing risk mitigation programs and implement new programs to manage emerging risks. The most significant emerging risk of course was the onset of the coronavirus pandemic in March of 2020. The pandemic presented numerous new challenges affecting nearly every department, employee and student. ERM's continued progress over the past three years to develop actionable business continuity plans for many campus departments resulted in an easier transition to remote work for those departments. ERM has been utilizing our Fusion business continuity software to capture business continuity plans and related information which enables us to have easy access to campus-wide planning information needed to respond to short or long-term emergencies like the pandemic. The Fusion system pulls data nightly from campus systems to ensure that we have the most up-to-date information about classroom use and occupancy for any time frame needed. We've also leveraged the Fusion system to store related facility information like building floor plans and evacuation plans for which access to real-time data could help save lives.

ERM is now overseeing the development of a campus-wide Youth Protection Program to ensure that all campus partners are helping safeguard youth while on campus or participating in University-sponsored programs. A working group has been appointed with campus stakeholders from across campus including faculty, staff and auxiliary

organization representatives to collaborate on the program. The Youth Protection Program will be in place for the Spring 2021 semester.

Additionally, we are working diligently to aggregate all pandemic-related expenses to submit to FEMA for reimbursement. This is a time staking, extremely detail-oriented process that requires administrative assistance from a variety of campus partners including, but not limited to, Facilities, Human Resources, UPD, Fiscal Affairs and UPD. We will continue to collaborate with these units to ensure that SF State is reimbursed by FEMA for all allowable expenses.

Finally, with the effects of the pandemic being felt throughout the globe, San Francisco State is not immune. ERM understands that we are facing serious budgetary challenges as a campus. As we move forward through these still uncertain times, ERM will continue to work to identify process improvements to create efficiencies in our business processes and realize cost savings where available while continuing to address existing and emerging risks.

Prepared by: Michel Beatty, Director, Enterprise Risk Management

Signed: _____

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Michael Beatty
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Date: _____

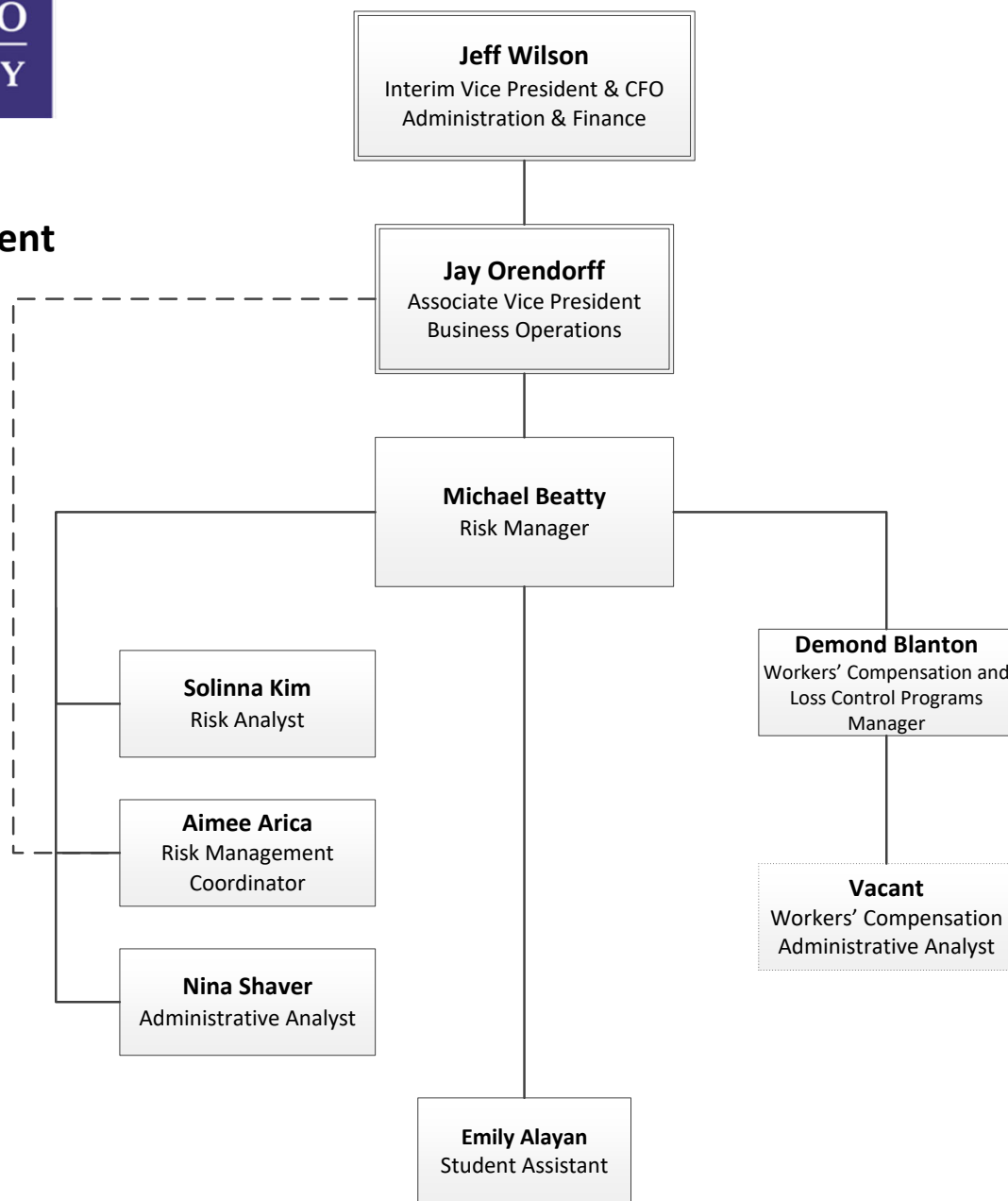
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APPENDICES

1. Enterprise Risk Management Organization Chart (July 2020)
2. 2019 Campus Safety Week Schedule (October 2019)



Enterprise Risk Management Organization Chart



Main line: (415) 338-2565
Web: erm.sfsu.edu
Email: riskmgmt@sfsu.edu
Location: Administration 260



**SAN FRANCISCO
STATE UNIVERSITY**



Campus Safety Week

October 14 - 18, 2019

Monday

10/14

Campus Safety Day

10am-2pm

Malcolm X Plaza & Quad

Join us for games, prizes,
and more!

Fire Extinguisher Training

10am-2pm

Malcolm X Plaza

Presented by: Jeff Madigan
Environment, Health & Safety

Self-Defense Workshop

11:30am-1pm

Mashouf Wellness Center

Presented by: Stephanie Donick
MartialArtsMovement

Don't Trip over Trips!

International Travel Safety

1pm-2:30pm

Library 121

Presented by: Daniel Howell
CSURMA and Alliant Insurance
Services, Inc.

Tuesday

10/15

Safeguarding Fine Arts

9:30am-11am

Fine Arts 282

Presented by: P.J. Skarlanic
CSURMA and Alliant Insurance
Services, Inc.

Fire Extinguisher Training

10am-2pm

Between Old Administration
and Library Walkway

Presented by: Jeff Madigan,
Environment, Health & Safety

Active Threat Training

1:00pm-2pm

Library 121

*Presented by: Interim Deputy
Chief, Wailun Shiu*
University Police Department

Cyber Security Awareness

3pm-4pm

Library 121

Presented by: Mary Morshed
Information Technology Systems

Wednesday

10/16

Fire Extinguisher Training

10am-2pm

Between Old Administration
and Library Walkway

Presented by: Jeff Madigan
Environment, Health & Safety

Time, Place, and Manner

1pm-2pm

Library 121

*Presented by: Michael Beatty, Risk
Manager*
*Danny Glassmann, Dean of
Students*

When the Big One Hits!

Earthquake Preparedness

2:30pm-3:30pm

Library 121

*Presented by: John Caskey, Geology
Department*
*Mervyn Reyes, University Police
Department*

A Life Outdoors

**Tips and Tricks to Minimize
Risk on your Next Adventure**

2pm-3pm

Mashouf Wellness Classroom

Presented by: Jesse Ray
MWC Outdoor Recreation and
Leadership Coordinator

Thursday
10/17

**Fire Extinguisher
Training**

10am-2pm

Between Old Administration
and Library Walkway

Presented by: Jeff Madigan
Environment, Health & Safety

Active Threat Training

1:00pm-2pm

Library 121

*Presented by: Interim Deputy
Chief, Wailun Shiu*
University Police Department

Friday
10/18

**Fire Extinguisher
Training**

10am-2pm

Between Old Administration
and Library Walkway

Presented by: Jeff Madigan
Environment, Health & Safety

**Adult/Pediatric CPR, First
Aid, Blood Borne Pathogen
Certification Training**

8am-5pm

Library 121

Presented by: Jeff Madigan
Environment, Health & Safety

The course is broken up into two 4-hour sessions and will cover: airway management, rescue breathing, CPR, first aid, personal protective equipment and automated external defibrillator.

Please note that if you would like to be re-certified, you will only need to attend the first half of the session.

To register for the Adult & Pediatric First Aid/CPR/AED certification, please email *Jeff Madigan*, jmadigan@sfsu.edu to reserve space in the class.

Some sessions offer raffle prizes for attending!*



2-person Emergency Backpack



4-person Emergency Backpack



Personal Alarm Siren

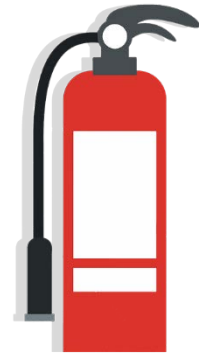
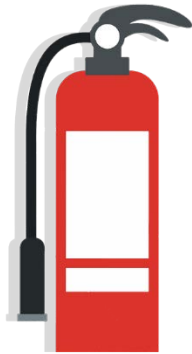


TSA Approved Luggage Locks

****Prizes are limited and not every session will have a raffle.***

Questions?

Please visit erm.sfsu.edu if you would like a detailed description of the classes being offered.



Contact us:

Enterprise Risk Management

Administration 260

riskmgmt@sfsu.edu