

FY2022/2023 Annual Report



Enterprise Risk Management

Prepared by: Mike Beatty

Risk Manager/Executive Director, Risk & Safety Services

San Francisco State University Enterprise Risk Management FY2022/2023 Annual Report

Introduction

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

San Francisco State University Enterprise Risk Management Team

Mike Beatty, Risk Manager and Executive Director, Division of Risk & Safety Services

Aimee Arica, Risk Management Coordinator

Michael Beatty, Risk Manager

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

Jacqueline Najera, Business Continuity Coordinator & Risk Programs Coordinator

Joanna Le, Administrative Analyst

Stephanie Vo, Student Assistant

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

Prepared by: Mike Beatty

Risk Manager/Executive Director, Risk & Safety Services

October 23, 2023



From the Risk Manager/Executive Director

As the city of San Francisco continues to rebound from the pandemic, so does SF State. The 2022/2023 fiscal year saw a slow but steady return to normalcy on campus. Though some opportunities for learning and working remotely remain and will continue to remain, most students, faculty and staff physically returned to in-person activities on campus.

Enterprise Risk Management continued to effectively manage risks associated with the campus. New programs, like the electric cart insurance program, were initiated when the benefits could be shown to outweigh the expense. Technology, particularly DocuSign, was leveraged to create efficiencies in ERM programs and processes. ERM continued to be a primary provider of training to the campus community with defensive driver training and youth protection training being two of the more heavily utilized training programs across the campus.

Some challenges persist and continue to be addressed. SF State's property insurance program costs have increased 300% since 2015 in some part due to losses on our campus but mostly due to the impact of climate change and related natural disasters on the global property marketplace. Even issues that aren't property-related like the war in Ukraine, for instance, are leading to increases in the cost of property reinsurance. Inflation and the increase in costs for items like lumber further impact the property insurance and reinsurance market. For the first time ever, property insurance costs for both SF State and the larger CSU system will exceed premiums for the Liability Program in FY 24/25.

With two new constructions projects (Science & Engineering Innovation Center and West Campus Green Housing) scheduled to come online in the next year, SF State is poised to continue to provide our students with new, state-of-the-art facilities to enhance their learning and their lifestyles. Enterprise Risk Management will similarly continue to identify ways that we can improve the services we provide to the campus community to better meet the needs of the campus.

CSURMA Risk Pool and Insurance Costs

The California State University Risk Management Authority (CSURMA) provides a combination of insurance and self-insurance coverage programs for liability, workers' compensation, industrial disability leave (IDL), non-industrial disability leave (NDI), unemployment insurance (UI), property, athletic injury medical expense and auto liability exposures. **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

Insurance Program	FY 22/23	FY 23/24	Variance (\$)	Variance (%)
Liability*	\$ 2,895,988	\$ 2,509,268	\$ (386,720)	-13.4%
Worker's Compensation	2,630,349	2,370,905	- 259,444	-9.9%
IDL/NDI/UI	1,096,436	952,278	- 144,158	-13.1%
Property**	2,024,850	2,175,461	150,611	7.4%
Auto Liability	44,241	73,629	29,388	66.4%
AIME	38,002	31,595	- 6,407	-16.9%
TOTAL	\$ 8,729,866	\$ 8,113,136	-\$ 616,730	-7.1%
* Effective 7/1/2023, SF State elected to increase its Liability Program deductible from \$500k to \$750k for FY23/24, FY24/25 and FY25/26.				
** Property includes cost allocation for Cyber Liability, Fine Arts, Flood, Fidelity/Crime, Pollution and Parametric Earthquake coverage. Increase is primarily due to recent CSU large losses and global insurance marketplace trends.				

Liability Program

The CSURMA Liability Program provides coverage for general liability, errors & omissions, employment practices, as well as for 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 fiscal years 17/18, 18/19, 19/20, 20/21, and 21/22 were used in calculating our experience modification factor and premium contributions for FY 23/24.

Column A in **TABLE 2** below displays SF State's *actual* liability claim payments to CSURMA over the past nine fiscal years. The shaded cells in columns B through F show the "collared"¹ liability claim expenses used for Liability Program premium rating for recent fiscal years. As an example, please refer to FY 21/22 in Table 2 below. As an example, actual claim payments in FY 21/22 were \$1,668,799. By applying the collars,

¹ Note: Actual claim amounts paid are "collared" by CSURMA at \$35,000 and \$500,000. Paid claim costs outside of these collars are not used in rating.

SF State's "ratable claims" used in future liability cost calculations are reduced to \$284,841.

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

LIABILITY PROGRAM CLAIM PAYMENTS BY FISCAL YEAR							
FISCAL YEAR	CAMPUS DEDUCTIBLE	ACTUAL CLAIM AMOUNTS PAID	"CAPPED" CLAIM AMOUNTS USED FOR FY 20/21 RATING	"CAPPED" CLAIM AMOUNTS USED FOR FY 21/22 RATING	"CAPPED" CLAIM AMOUNTS USED FOR FY 22/23 RATING	"CAPPED" CLAIM AMOUNTS USED FOR FY 23/24 RATING	"CAPPED" CLAIM AMOUNTS USED FOR FY 24/25 RATING
12/13	\$ 250,000	\$227,323					
13/14	\$ 500,000	\$250,077					
14/15	\$ 500,000	\$186,960	\$24,908				
15/16	\$ 500,000	\$478,546	\$355,727	\$355,727			
16/17	\$ 250,000	\$1,803,789	\$1,248,118	\$1,248,118	\$1,248,118		
17/18	\$ 250,000	\$2,600,778	\$1,569,362	\$1,569,362	\$1,569,362	\$1,569,362	
18/19	\$ 250,000	\$1,010,521	\$964,546	\$964,546	\$964,546	\$964,546	\$964,546
19/20	\$ 500,000	\$1,478,080		\$294,944	\$294,944	\$294,944	\$294,944
20/21	\$ 500,000	\$1,028,012			\$240,570	\$240,570	\$240,570
21/22	\$ 500,000	\$1,668,799				\$284,841	\$284,841
22/23	\$ 750,000	\$56,351					\$0
Total		\$10,789,236	\$4,162,661	\$4,432,697	\$4,317,540	\$3,354,263	\$1,784,901

Historically, most SF State's claim expenses have stemmed from employment practices liability (EPL) claims. EPL claims include allegations of sexual harassment, discrimination, wrongful termination, and other types of employment related incidents. In **Table 2**, please refer to fiscal years FY 16/17 and FY 17/18. In these two years, SF State paid out \$1.2mm and \$1.5mm in claim expenses primarily for employment practices liability claims resulting in three consecutive years (FY 20/21, FY 21/22, and FY 22/23) of "ratable" claim expenses in excess of \$4mm annually.

As a result of those EPL claims, Enterprise Risk Management was tasked in 2017 with empaneling a group of stakeholders from across campus to analyze the claims impacting our insurance program rates and identify ways to reduce those claims. This Claims Improvement Group issued its report in January 2018, identifying two initiatives aimed at improving our EPL claim trends: (1) increased and improved management training for MPPs; and (2) better coordination among business units involved in employee grievances and claims. The campus took a proactive approach of aligning improved campuswide management training opportunities for SF State management personnel with more effective personnel management, conflict resolution and personnel file documentation practices by Academic Affairs, Employee Relations, Enterprise Risk Management, Human Resources and University Counsel. This integrated approach has enabled the campus to reverse the EPL claim frequency and related claim severity, i.e., claim expenses, and significantly reduce the dollar value of claims and our experience modification factor.

In the rating calculations for FY 23/24, one of these million dollar claim years dropped off and was replaced by \$284,841 in claims from FY 21/22. For the upcoming fiscal year beginning on July 1, 2024, the second million dollar claim year will drop off, bringing our ratable claims from a high point of \$4,432,697 down to \$1,784,901.

Workers' Compensation Program

Workers' compensation premiums are calculated using campus historical loss history and annual payroll. Workers' compensation coverage program costs decreased 7.7% for FY 22/23 due to effective claims handling, increased and targeted training for employees and additional loss mitigation efforts such as ergonomic assessments of employee workstations. And, workers' compensation costs will decrease another 11% for FY 23/24. More information about SF State's Workers' Compensation Program is included in the "Other Achievements" section of this report.

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 saw a slight uptick (3.62%) for FY 22/23.

Property Program

Property insurance premiums are calculated using the total insurable values for all campus buildings. The Property Program provides "all risk" coverage to all campus buildings on the main Holloway campus, the Tiburon campus, and the Downtown campus, with a \$100,000 deductible for loss or damage due to fire, water damage, flood, smoke, and most other perils.² Coverage for loss due to earthquake is excluded in this program though there is a separate parametric earthquake insurance program designed to provide an immediate influx of cash to campuses (about \$10mm to SF State) in the event of a major earthquake. Coverage for building contents and equipment is excluded unless a business unit specifically schedules the equipment through ERM and incurs a separate premium for the coverage.

The global property insurance marketplace and CSURMA's recent loss history continue to create challenges for CSURMA's campus and auxiliary organization members. Growing underwriting losses have been exacerbated by climate change that has led to an increase in the frequency and severity of catastrophic events such as California wildfires, flood events and even the giant freeze that hit Texas in 2021. These global events, coupled with the effects of inflation in the constructions industry and of some very significant insured losses within the CSU (\$30.4mm in FY 20/21; \$3mm loss in FY 22/23), have resulted in the campus property insurance rates increasing 300% since 2015.

To address these increases and provide the campuses with greater financial flexibility, CSURMA is proposing modifications to the property program including allowing campuses the opportunity to select deductible options other than the existing \$100,000 deductible. Other property program modifications may also be proposed by CSURMA in the coming year to help minimize the impact to campuses.

² The Sierra Nevada Field campus is insured with the University Corporation.

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 22/23 increased 17% primarily due to the addition of new vehicles to the campus vehicle fleet. SF State auto liability claims continue to be negligible. Mandatory driver safety training, strict incident reporting requirements and effective fleet management/maintenance all contribute to the low volume of claims and resulting cost stability.

Athletic Injury Medical Expense (AIME) Program

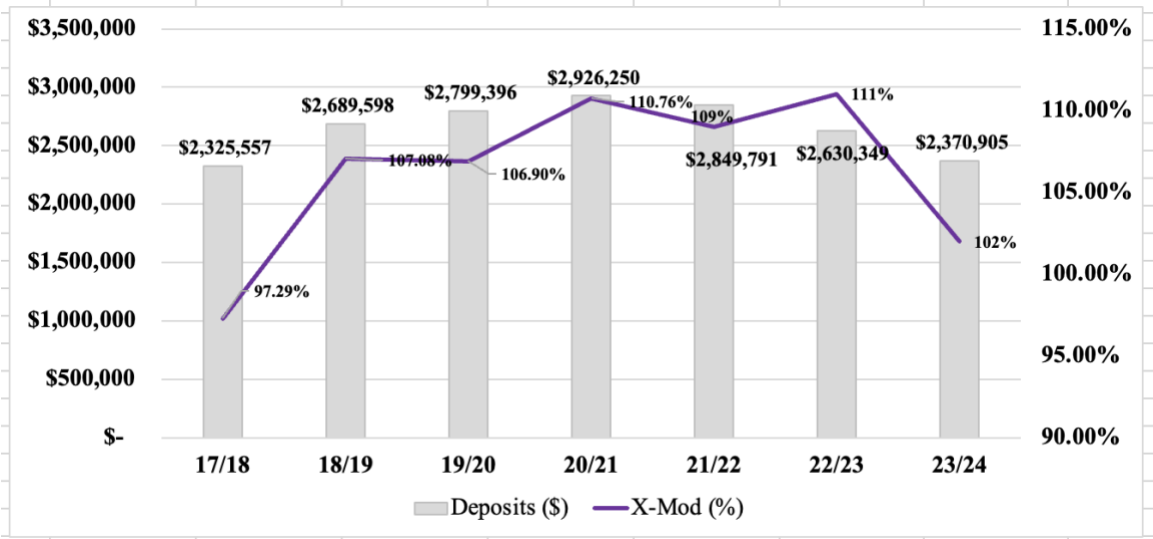
The NCAA provides catastrophic coverage for athletes injured while participating in NCAA-sanctioned events (practices, games, etc.). While the NCAA catastrophic coverage has a \$90,000 deductible, the AIME program is designed to fill that gap by providing primary, first-dollar coverage for injured NCAA athletes up to the NCAA’s \$90,000 attachment point. Costs for FY 22/23 decreased 29% due to reduced claims activity.

OTHER ACHIEVEMENTS

Workers’ Compensation Coverage Program

SF State’s Workers’ Compensation Program continues to outperform the CSU as a system, with SF State realizing a 11% reduction in workers’ compensation program premiums for FY 23/24 compared to the 4% overall reduction in systemwide premiums. The FY 23/24 figures, approved by the CSURMA Board of Directors in October 2022, represent the third consecutive year of premium decreases and the lowest annual cost for SF State since the 17/18 fiscal year. These cost reductions are a direct result of our proactive claims handling. Other factors which contributed to our reduced claim volume include effective training for both employees and managers and a coordinated approach to claims handling by business managers and the workers’ compensation manager. **Table 3** below shows SF State’s annual workers’ compensation costs and experience modification factor.

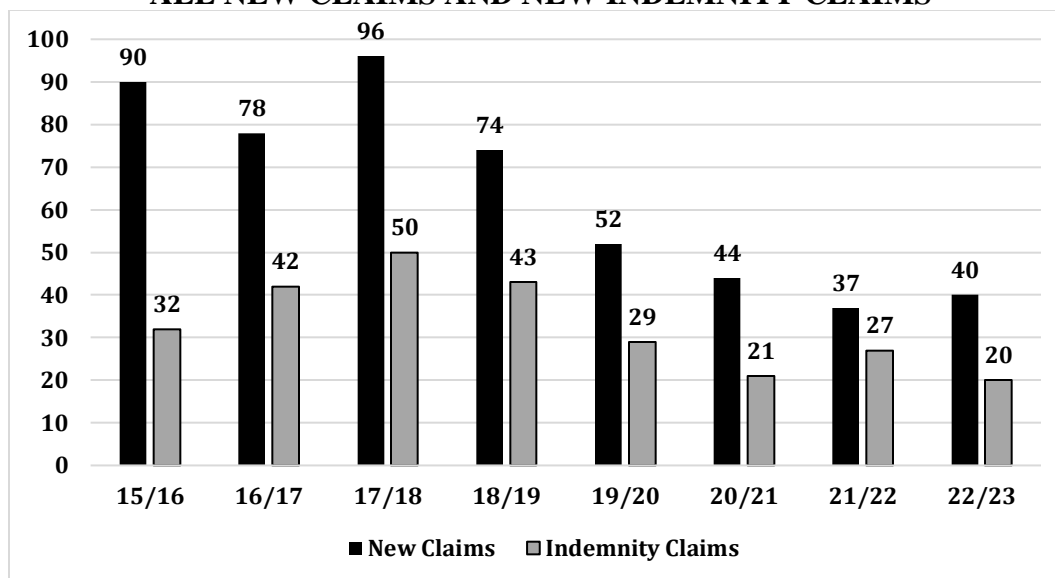
TABLE 3
WORKERS’ COMPENSATION PROGRAM DEPOSITS AND EXPERIENCE MODIFICATION FACTOR



Workers' Compensation Claims Management

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. While work-related injuries are unavoidable, 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. 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. At SF State, the number of new workers' compensation claims in FY 22/23 increased from 37 claims to 40 claims, an 8% increase. The number of indemnity³ claims however decreased from 27 claims to 20 claims, a 26% decrease for FY 22/23. **Table 4** shows SF State's new claims and new indemnity claims over time.

TABLE 4
ALL NEW CLAIMS AND NEW INDEMNITY CLAIMS



Workers' Compensation Claim Reporting Training

Studies show that when there is a delay in the reporting of work-related injuries, claims costs escalate quickly. According to the National Council on Compensation Insurance, a delay of just two weeks may increase claim expenses by as much as 18%. Failure to report a claim after five weeks could result in a 45% expense increase! As the cost of claims rises, so inevitably do future insurance premiums. In FY 22/23, SF State reported 93% of our workers' compensation claims on time.

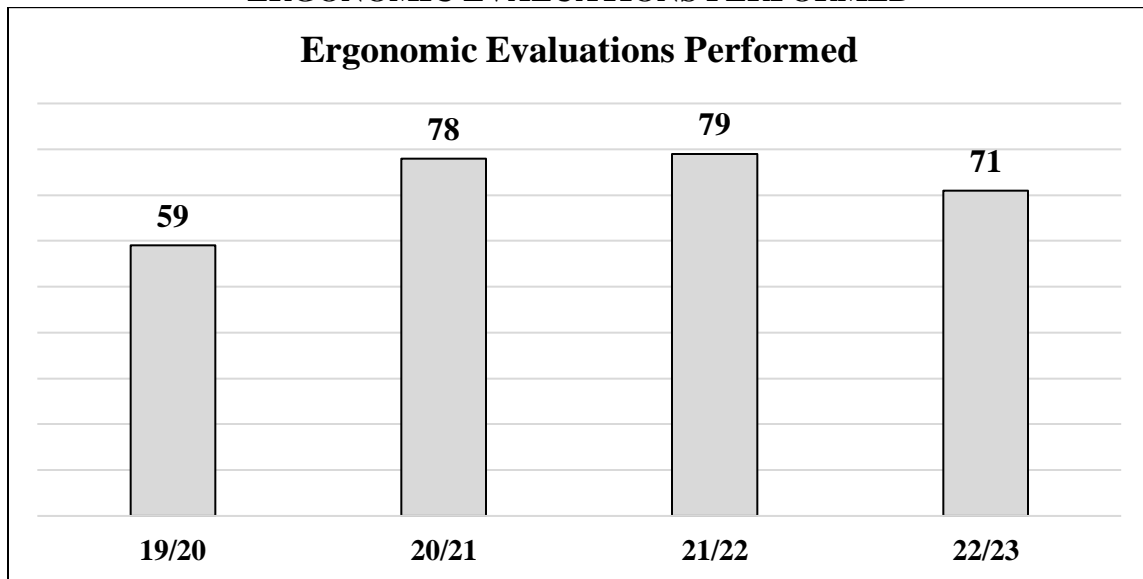
Employee Workstation Ergonomic Assessments

Ergonomic assessments help the university to ensure that our employees have a safe and healthy workplace. Enterprise Risk Management performed 71 ergonomic assessments during FY22/23, down slightly from the 79 assessments performed in the prior year as

³ 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.

most employees had already had assessments performed when they re-populated their offices/workstations the previous year.

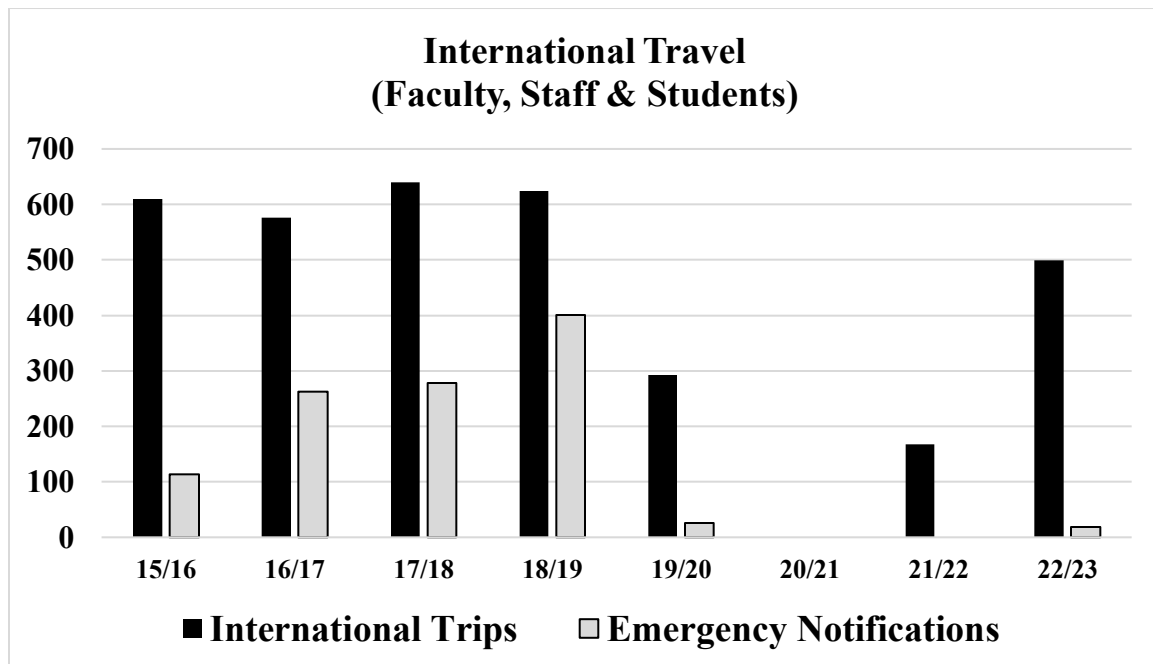
TABLE 5
ERGONOMIC EVALUATIONS PERFORMED



Foreign Travel Insurance Program Administration

Campus international travel rebounded in FY 22/23 to pre-pandemic levels with 499 international trips completed by SF State faculty, staff, and students. **TABLE 6** below provides a graphical representation of the number of university-related international trips taken by faculty, staff, and students alongside the number of emergency notifications ERM provided to travelers due to dangerous situations (natural, political, etc.).

TABLE 6
FOREIGN TRAVEL INSURANCE PROGRAM PARTICIPANTS



Youth Protection Program Update

SF State continues to be the CSU systemwide leader in youth protection efforts. Through our Youth Protection Program, SF State registered 58 youth-serving programs with over 3,000 youth participants in FY 22/23. 390 youth program personnel (staff and volunteers) successfully completed the training curriculum required by our Youth Protection Program.

SF State Enterprise Risk Management sponsored the CSU's first Youth Protection Summit on Thursday, October 20, 2022. This all-day workshop featured a variety of topics related to youth protection including:

- Chancellor's Office audit findings that resulted in the implementation of SF State's youth protection program, and the current state of SF State's YPP
- Tips for screening and hiring the right people for youth programs.
- Safe Social Media Use Guidelines
- Good practices for responding to allegations

Over 50 professionals from SF State, the Chancellor's Office and other CSU campuses were in attendance. Presenters included subject matter experts from SF State Enterprise Risk Management and Human Resources, Praesidium, CSURMA and Alliant Insurance Services.

E-Card Insurance Program Development

After a series of three electric cart thefts from campus in the summer of 2022, ERM identified the opportunity to contractually transfer the risk of theft by implementing an e-cart insurance program. Working with Facilities and the Property Office, ERM developed a comprehensive roster of electric carts owned by business units across campus for underwriter consideration. ERM performed a cost benefit analysis to determine an acceptable deductible level and implemented the e-cart insurance program in August 2022. Physical damage to, and theft of, almost 90 vehicles are now covered at an annual cost of less than \$6,000.

Campus Safety Week 2022

SF State resumed its annual Campus Safety Week after a two-year hiatus brought on by the pandemic. Campus Safety Week featured ten informational training sessions (209 attendees) as well as hand-on fire extinguisher training (90 trainees) and First Aid/CPR/AED Certification training (40 certifications).

Implementation of Blanket Insurance Waivers for Specific Low-Risk Activities

Enterprise Risk Management performed formal risk assessments of several "low risk" services commonly provided by vendors to the campus. ERM then identified which of these services presented a level of risk low enough to warrant waiving current campus insurance requirements and thus significantly reducing the insurance documentation required by Procurement and the time needed to approve providers of these low-risk services. As a result, insurance documentation is no longer required for art models,

graphic/advertising/editing online services, guest speakers and for the off-campus repair of most SF State equipment.

LOOKING AHEAD

Campuswide Risk Assessment

At the start of 2023, Enterprise Risk Management began engaging various campus stakeholders to perform a formal campus risk assessment. The risk assessment process helps campus leadership form the basis for decision-making about which risks are priorities, what the appropriate response should be, and how resources should be allocated to manage the risk to best support campus strategic initiatives. The assessment report is scheduled to be completed by the end of the Fall 2023 semester and will be presented to the CFO/Vice President for Administration & Finance for distribution to and review by senior leadership.

Implementation of Crisis-24 Foreign Travel Health & Safety Information Services

SF State has teamed up with Crisis-24 to provide our international travelers with access to up-to-the-minute, destination-specific health, security, and safety briefings for all travelers.

After a traveler enrolls in the CSU's Foreign Travel Insurance Program (FTIP) through ERM, the traveler will receive an email directly from Crisis-24 with details about the Crisis24 services, including instructions for downloading the Worldcue app. The app provides travelers with access to valuable safety and security utilities such as:

- **Hotline Button:** This button can be used to connect directly with AXA's 24x7 Hotline Center in the event of an incident.
- **Check-in Button:** This button can be used by the traveler to confirm their location and safety OR to communicate their safety during a dynamic security event (i.e., terrorist attack, tornado, tsunami, shooting).
- **Crisis Button:** This button can be used if the traveler needs immediate assistance and cannot speak on the phone.
- **Pushed Intelligence Alerts:** Relevant intel pushed to the traveler based on their itinerary.

Conclusion

The team of experienced professionals in the Division of Risk and Safety Services is grateful for the support and guidance provided by campus leadership. Similarly, the relationship that ERM has with the entire campus community is one of collaboration and information sharing. With a large organization like SF State with a wide variety of operations and strategic goals, it is nearly impossible for an office of four risk management professionals to effectively manage all our risks. As I often say in risk-related presentations to the campus community, “At SF State, **ERM** means **Everyone** is a **Risk Manager**”.

Prepared by: Mike Beatty, Risk Manager/Executive Director, Risk & Safety Services

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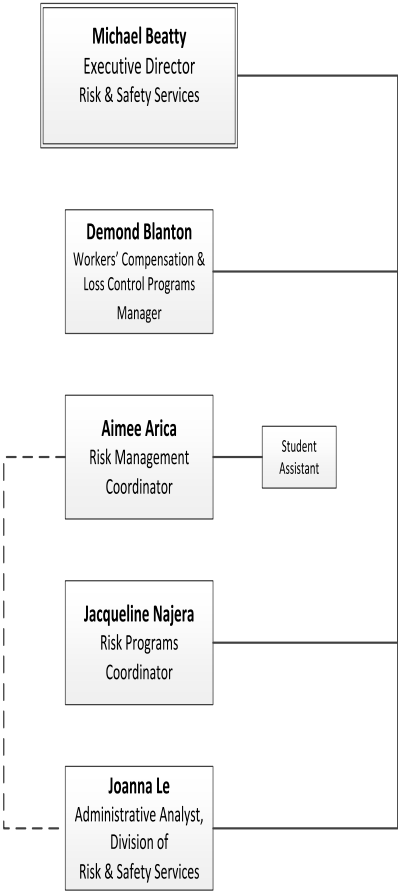
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APPENDIX

Appendix 1. Enterprise Risk Management Organizational Chart - June 30, 2023



Enterprise Risk Management
Organization Chart



06/30/2023

Appendix 2. Enterprise Risk Management Committee Participation

EXTERNAL

Golden Gate RIMS Board of Directors

CSURMA Risk Managers Affinity Group

CSURMA Executive Committee

CSURMA Board of Directors

INTERNAL

Audit, Risk & Compliance Committee

Academic Internship & Field Trip Committee

Campus Art Committee

Campus Awareness Team

Campus Safety Committee

Clery Act Committee

Community Resilience Building Committee

Disability Case Management Committee

Emergency Operations Committee

Emergency Program Improvement Committee

Information Technology - Communities of Practice

NAGPRA Committee

Process Improvement Committee

Public Safety Advisory Committee

Time, Place and Manner Committee

Transportation Demand Management Committee

Uncrewed Aircraft Review Board