

FY2021/2022 Annual Report



Enterprise Risk Management

Prepared by: Michael Beatty

Director, Enterprise Risk Management

**San Francisco State University Enterprise Risk Management
FY2021/2022 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

Jacqueline Najera, Business Continuity Coordinator & Risk Programs Coordinator

Vacant, Administrative Analyst

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

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

July 29, 2022



From the Risk Manager

Campus began the slow process of renewal in FY21/22. As local health agencies began loosening pandemic-related restrictions, our students began repopulating the campus to pursue in-person academic coursework. Faculty and staff returned to their campus classrooms and offices, albeit with staggered schedules to promote social distancing as recommended by public health practices. University-related travel and on-campus events and athletic competitions resumed.

During the past year, Enterprise Risk Management, like most campus academic and administrative units, was forced to quickly ramp up operations to meet the needs of our returning campus community. The switch to remote instruction and work in March 2020 provided campus business units with an opportunity to reassess the way in which their work was performed. Many administrative processes transitioned to fully online with significant efficiencies realized by using such platforms as DocuSign. Enterprise Risk Management was no different.

Our team embraced the technology available to us to transition many forms from paper to electronic and many processes from in-person to virtual. Administration of the new Youth Protection Program registration and approval process, including mandatory youth personnel training, is available online. Reporting worker's compensation claims can now be performed electronically. Virtual ergonomic assessments can now be performed by our team. ERM received approval from university counsel to accept most waivers/releases of liability in electronic format. A process was developed to provide travelers to international destinations with up-to-date country-specific health and safety information via push notification.

As we gear up for the Fall semester and a greater number of students, faculty and staff returning to campus, ERM will continue to assess the services we provide to the campus and take concrete measures to improve upon them.

CSURMA 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 (IDL), non-industrial disability leave (NDI), unemployment insurance (UI), 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**

Insurance Program	FY 21/22	FY 22/23	Variance (\$)	Variance (%)
Liability*	\$ 2,438,385	\$ 2,895,988	\$ 457,603	18.8%
Worker's Compensation	2,849,791	2,630,349	- 219,442	-7.7%
IDL/NDI/UI	1,058,106	1,096,436	38,330	3.6%
Property**	1,326,453	2,024,850	698,397	52.7%
Auto Liability	37,738	44,241	6,503	17.2%
AIME	53,351	38,002	- 15,349	-28.8%
TOTAL	\$ 7,763,824	\$ 8,729,866	\$ 966,042	12.4%
* 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 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 overall market 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 15/16, 16/17, 17/18, 18/19, and 19/20 were used in calculating our experience modification factor and premium contributions for FY21/22.

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 C and D show the “capped” liability claim expenses used for Liability Program premium rating for FY21/22 and FY22/23. Additionally, Column E shows those claims costs to be used in FY23/24 liability program rating. *Note: Actual claim amounts paid are capped, or collared, by CSURMA at \$35,000 and \$500,000. Paid claim costs outside of these collars are not used in rating.* As an example, please refer to FY21/22 in Table 2 below. Actual claim payments in FY21/22 were \$1,668,799. By applying the “collars”, SF State’s “ratable claims” used in future liability cost calculations are only \$261,104.

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

	A		B		C		D		E	
<i>FISCAL YEAR</i>	<i>ACTUAL CLAIM AMOUNTS PAID</i>		"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	
12/13	\$ 227,323	\$	101,787	\$	101,787	\$	101,787	\$	101,787	
13/14	\$ 250,077	\$	143,046	\$	143,046	\$	143,046	\$	143,046	
14/15	\$ 186,960	\$	24,908	\$	24,908	\$	24,908	\$	24,908	
15/16	\$ 478,546	\$	355,727	\$	355,727	\$	355,727	\$	355,727	
16/17	\$ 1,803,789	\$	1,248,118	\$	1,248,118	\$	1,248,118	\$	1,248,118	
17/18	\$ 2,600,778	\$	1,629,419	\$	1,629,419	\$	1,629,419	\$	1,629,419	\$ 1,629,419
18/19	\$ 1,010,521	\$	1,010,521	\$	1,010,521	\$	1,010,521	\$	1,010,521	\$ 1,010,521
19/20	\$ 1,478,080			\$	305,486	\$	305,486	\$	305,486	\$ 305,486
20/21	\$ 1,028,012					\$	255,570	\$	255,570	\$ 255,570
21/22	\$ 1,668,799							\$		\$ 261,104
Total	\$ 10,732,885	\$	4,268,693	\$	4,549,272	\$	4,449,115	\$	3,462,100	

The overwhelming majority of SF State’s claim expenses arise from employment practices liability (EPL) claims. EPL claims include allegations of sexual harassment, discrimination, and wrongful termination. EPL claim frequency (the number of claims) is trending in a positive direction after several difficult years. Zero new EPL claims were filed in FY21/22. Only one EPL claim was filed in FY20/21 and FY18/19 and FY19/20 saw zero new EPL claims filed. That’s only one new EPL claim filed in the previous four years. This reduction in the frequency of EPL claims is very positive. Similarly, the severity (the cost of claims) of EPL claims has been trending downward. The shaded cells in column E above show prior years’ claims costs used to rate future liability program premiums. Reduced claim costs in the last three fiscal years will directly result in decreasing liability premiums in upcoming years.

The proactive approach of aligning ongoing 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 has enabled the campus to position itself to maintain and improve 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 decreased 2.6% for FY21/22 due to effective claims handling and increased training for employees and other loss mitigation efforts. Additionally, workers’ compensation costs have decreased another 7% for FY22/23. Additional information about SF State’s workers’ compensation program is included in the “Other Relevant Information” 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 6% decrease for FY21/22.

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 (including the Downtown campus, Tiburon campus and Sierra Nevada Field campus), with a \$100,000 deductible, for loss or damage due to fire, water damage, flood, smoke, and most other perils. Coverage for loss due to earthquake is excluded in this program though there is a separate parametric insurance program to provide some level of relief to campuses 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 are proving to be quite problematic for CSURMA’s campus and auxiliary organization members. Recurring catastrophic property losses both in the CSU system and in the overall global property insurance marketplace have resulted in numerous and significant annual increases in property insurance costs. SF State’s property premiums have increased 230% over the past five years solely based on the marketplace and CSURMA program losses. While this might appear to be a worst-case scenario, SF State benefits greatly from the fact that property insurance is not “loss rated”, meaning campuses are not penalized directly for incurring claims costs at their campus. For instance, because of this programmatic premium rating system, SF State’s two seven-figure, master key losses are only used in calculating CSURMA property premiums (resulting in premium increases to the program) but are not attributed to SF State with a direct impact on our future campus property premiums, thus softening what would have been subsequent catastrophic property premium increases for the campus.

But the CSURMA Executive Committee empanels a subgroup of its membership every three years to assess and revise (when warranted) CSURMA’s insurance program rating plans. All signs point to the Rating Plan Task Group implementing a property program rating factor for FY23/24. Specific details about how the rating factor will be applied are being develop and additional information, including the impact on campuses for the FY23/24 policy year will be presented to the CSURMA Board of Directors for consideration at its October 2022 meeting.

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 FY21/22 decreased by 3% to \$37,738, despite an increase in fleet size thanks to a decrease from \$202 to \$191 in the per vehicle cost. SF State auto

liability claims continue to be negligible. Mandatory Driver Safety Program training, strict incident reporting requirements and effective fleet maintenance and management all contribute to the low rate of claims and resulting cost stability.

Athletic Injury Medical Expense (AIME) Program

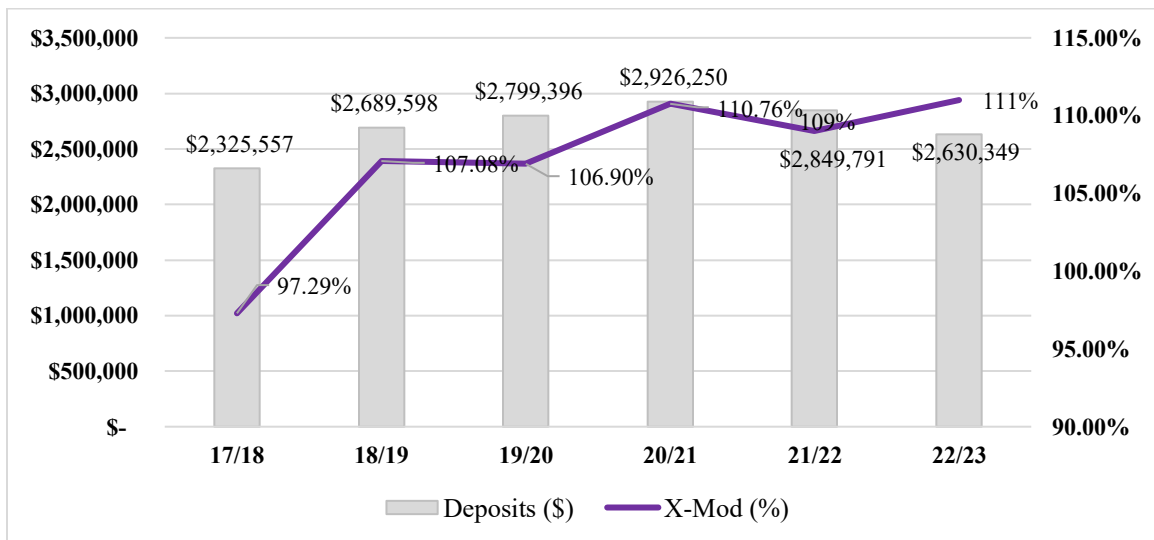
The NCAA provides catastrophic coverage for athletes injured while participating in NCAA-sanctioned events (practices, games, etc.). While the NCAA catastrophic coverage has a \$90,000 deductible, the AIME program provides primary coverage for injured NCAA athletes up to the NCAA’s \$90,000 attachment point. Costs for FY21/22 decreased 32% 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 2.6% reduction versus 1% systemwide reduction for FY21/22. Continuing this trend, SF State’s workers’ compensation costs decreased 7.7% in F22/23 compared to an aggregate 5% reduction for the entire CSU system. **Table 3** below shows our annual costs with our experience modification factor for workers’ compensation coverage. These cost reductions are a direct result of our proactive claims handling; several other factors also contributed - effective training for both employees and managers, a coordinated approach to claims handling by business managers and the workers’ compensation manager and reduced physical workplace risks during the pandemic.

**TABLE 3
WORKERS’ COMPENSATION PROGRAM DEPOSITS AND EXPERIENCE MODIFICATION FACTOR**



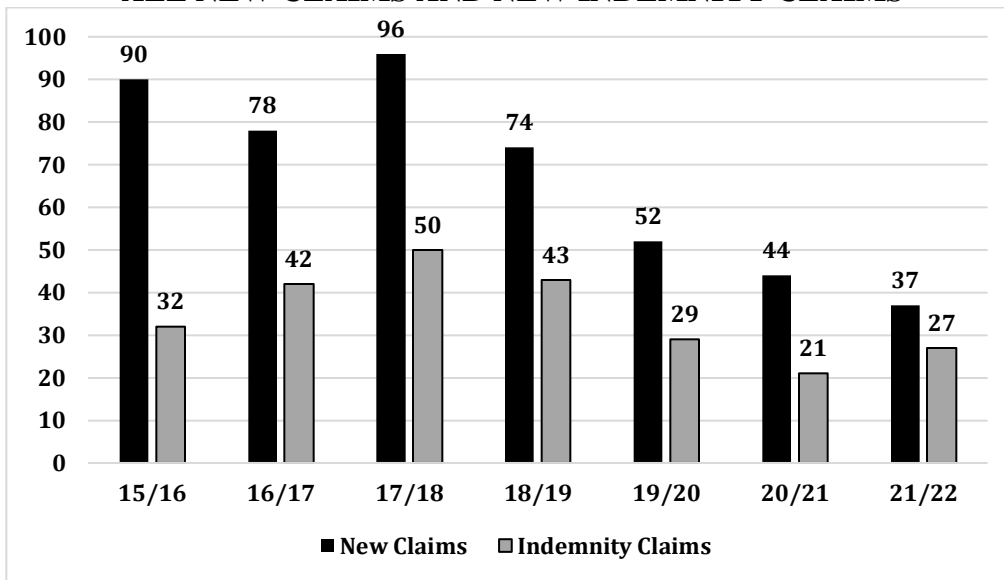
Workers’ Compensation Claims Management

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.

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.

The number of new workers’ compensation claims in FY21/22 decreased from 44 claims to 37 claims, a 16% reduction. This represents the fourth consecutive year that new claims have decreased. The number of indemnity¹ claims however increased from 21 claims to 27 claims, a 29% increase for FY21/22. **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 increase swiftly. According to the National Council on Compensation Insurance, a delay of just two weeks may increase the expense by as much as 18%. Failure to report a claim after five weeks could result in a 45% expense increase! As the cost of each claim rises, so inevitably do insurance premiums.

In FY20/21, ERM implemented a workers’ compensation claim reporting training program remind academic and administrative business units of the importance of timely reporting of workers’ compensation claims. These refresher trainings have proven to be successful

¹ 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.

in reminding managers and supervisors of the importance of timely reporting of injuries. In FY21/22, SF State reported 100% of our workers’ compensation claims on time, the first year that we’ve reached 100%. This is clear evidence of the training program’s success.

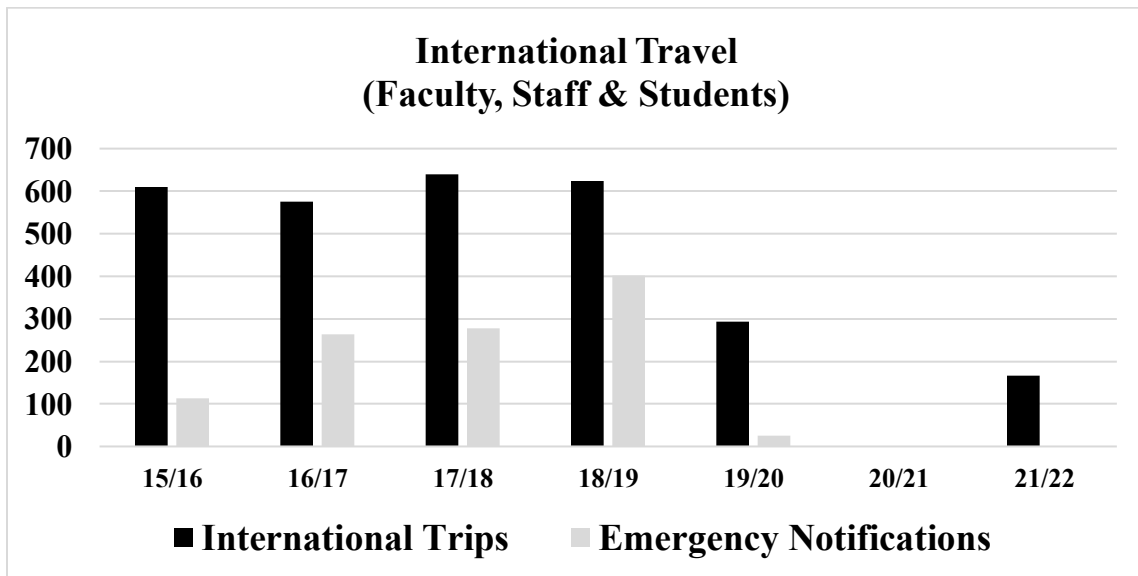
Employee Workstation Ergonomic Assessments

Ergonomic assessments help the university to ensure that our employees have a safe and healthy workplace. As more employees returned to the physical, on-campus workplace, requests for ergonomic assessments increased. Enterprise Risk Management performed 79 ergonomic assessments during FY21/22, a 20% increase from the prior year.

Foreign Travel Insurance Program Administration

The CSU rescinded the pandemic-related suspension of university international travel in the Summer of 2021. Enterprise Risk Management, in collaboration with the Office of International Programs, developed a risk assessment matrix with six, industry-standard data points (percentage of destination population with at least one vaccination, Council on International Education Exchange Health Risk Index, CDC and Department of State Travel Advisory levels, daily cases per 100,000 and COVID test positivity rate) to help the campus effectively assess the COVID risks in international destinations. This assessment was included as part of travel guidelines introduced by ERM to allow international travel to safely resume. These guidelines included mandatory vaccination requirements for all travelers, traveler acceptance of an “Acknowledgement of Travel Risks During the Pandemic” waiver and the development and frequent updating of country-specific Health & Safety During the Pandemic information sheets for each destination country. We currently have up-to-date information sheets for thirty-two countries in Aerogami, our travel risk management platform. **TABLE 5** below details the number of university-related international trips taken by faculty, staff, and students.

**TABLE 5
FOREIGN TRAVEL INSURANCE PROGRAM PARTICIPANTS**



Youth Protection Program Update

In February 2021, President Mahoney signed the Youth Protection Program (YPP) directive designed to ensure that youth in our programs are adequately safeguarded. Requirements of the directive include a formal youth program registration process, youth program personnel background check requirements, suspected abuse reporting guidelines, a youth program personnel code of conduct and youth protection training requirements for all program personnel, including program volunteers. In FY21/22, 57 youth programs with 5,573 minor participants successfully completed the YPP requirements and were granted approval. 272 youth program staff members successfully completed the required online YPP training.

SF State has become the CSU systemwide leader in youth protection efforts. To encourage other campuses to follow SF State's lead in this area, the CSURMA Executive Committee at its March 2022 meeting approved funding to SF State for the CSU's first systemwide youth protection summit. This full day of training will be open to risk management and youth program personnel from all CSU campuses. The SF State/CSURMA Youth Protection Workshop will take place on Thursday, October 20, 2022, at the Seven Hills Conference Center.

LOOKING AHEAD

Campuswide Risk Assessment

Throughout the rest of 2022, Enterprise Risk Management will be 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 the campus.

Campuswide High-Value Equipment Insurance Program Development

SF State has a significant number of high-valued items that do not fall under its property insurance program coverage. Historically, SF State has chosen not to insure on a campus-wide basis the contents and personal property housed in our buildings. Some examples of these types of uninsured items are expensive medical equipment, scientific and research items, and network/ITS items which are uninsured for loss due to fire, water damage, flood, etc. Some academic departments do choose to purchase supplemental coverage and assume the cost of that coverage. ERM identified an opportunity to better protect the campus assets while assisting academic and administrative units with their budgeting by proposing the development of a campus-funded, high-value equipment insurance program. The proposed High-Value Equipment Program (HVEP) would provide coverage for equipment valued at between \$25,000 and \$200,000. Equipment valued at between \$25,000 and \$200,000 would be subject to a \$5,000 deductible while equipment valued at \$200,001 and above would be covered with a \$100,000 deductible. Valuation would be provided by the Property Office Asset Listing and be updated annually in June. Annual costs are estimated at \$40,000 but subject to new insurance rates available every July. We are awaiting the costs for FY22/23 before implementing the program.

Revision of University Executive Directive #89-13 – Time, Place and Manner: Use of Buildings and Grounds.

Enterprise Risk Management has overseen a review and revision of University Executive Directive #89-13 – Time, Place and Manner: Use of Buildings and Grounds. Working with relevant stakeholders from across the campus community, the group received and reviewed a legal review from an external consultant engaged by the Office of General Services. The group incorporated the recommended changes into a revised UED. The revised UED was sent to the various campus bargaining units for review and comment. We hope to have the revised UED adopted in the Fall.

Business Continuity Coordinator Hiring

Enterprise Risk Management was able to fill the Business Continuity Coordinator position that had been vacant for over a year. Jacqueline Najera has been working diligently with campus business units on their business continuity plans since her arrival in October 2021. The focus on business continuity that Jacqueline brings will result in increased awareness and concrete action by the campus community to ensure that actionable business continuity plans are in place for all business units.

Conclusion

Undoubtedly, the coming year will present SF State with challenges. To support the campus in its mission, ERM will continue to be diligent in assessing existing risks, as well as new and emerging risks to the campus and our community and, through collaboration with stakeholders from across campus, help identify and implement the most appropriate mitigation tools for reducing such risks to an acceptable level to campus leadership. Results will be monitored and presented to campus leadership for feedback.

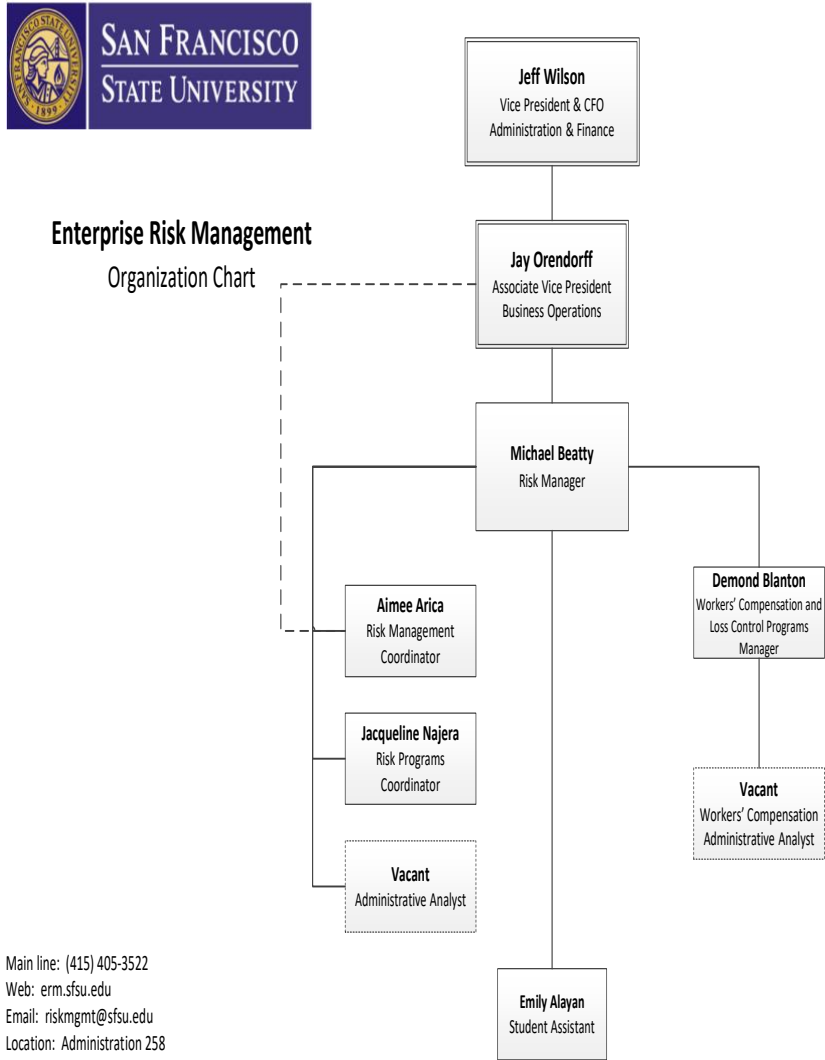
The ERM Team is grateful for the support and guidance provided by campus leadership. Similarly, the relationship that ERM has with the entire campus community is one of collaboration and information sharing. With a large organization like SF State with a wide variety of operations and strategic goals, 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 **E**veryone is a **R**isk **M**anager”.

Prepared by: Michel Beatty, Director, Enterprise Risk Management

Signed: Michael Beatty Date: _____

APPENDIX

Appendix 1. Enterprise Risk Management Organization Chart - June 30, 2022



Appendix 2. Enterprise Risk Management Committee Participation

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
CSURMA Board of Directors (Alternate)
CSURMA Risk Managers' Affinity Group
Disability Case Management Committee
Emergency Operations Committee
Emergency Program Improvement Committee
Information Technology - Communities of Practice
MWC Advisory Committee
NAGPRA Committee
Process Improvement Committee
Public Safety Advisory Committee
Time, Place and Manner Committee
Transportation Demand Management Committee
Uncrewed Aircraft Review Board