

**RISK MANAGEMENT ANNUAL REPORT
2004/2005**

Introduction

During the 2004/2005 fiscal year, the risk management program focused on campus collaborations and training opportunities. Cal State San Marcos again decided to pre-pay known risk pool expenses with end of year funds and therefore alleviate the campus of this financial burden in 2005/2006.

Cal State San Marcos began the fiscal year with 12 open liability claims. During the year eight claims were closed and eight claims were opened. Of the open claims:

- one settled favorably for the campus through the court system
- two were settled through negotiations involving the CSUSM Foundation
- four are continuing active lawsuits
- two are miscellaneous employment matters
- three are denied tort claims with total costs of less than \$100

Three of the active lawsuits involve faculty employment practices, and one lawsuit is a recurring one filed by a skilled crafts employee. Defense activity for two of these lawsuits exceeded the campus' \$35,000.00 risk pool deductible during the fiscal year; the deductible for another was reached in a prior fiscal year; and the third suit has minimal identified expenses to date. During the fiscal year, the campus and the CSU Risk Management Authority paid out \$292,193.00 due to these liability claims. At the end of the fiscal year, the open liability claims have an incurred value of \$662,196.00.

During fiscal year 2004/2005, 35 workers' compensation claims were opened, of which 5 were re-opened claims. This is a 19% reduction in new claims from the 43 reported for fiscal year 2003/2004. Claims were closed in 2004/2005 totaled 57, is a 104% increase over 2003/2004's 28. At fiscal year end 24 workers' compensation cases were open. As part of the campus disability case management program, five employees were placed in transitional employment plans and one employee was placed in an alternate workplace due to medical disability. Of the five employees participating in transitional employment plans, two later resigned, one was approved for a continued reduced work schedule, one returned to full duties, and one is challenging the campus' ability to accommodate based upon the employee's current improved medical condition.

Risk Pool and Insurance Costs

The CSU Risk Pool and insurance premiums paid by the campus in this fiscal year provided coverage for General Liability (GL), Workers' Compensation (WC), Industrial Disability (IDL), Non-Industrial Disability (NDI), Unemployment (UI), Real Property, Athletics (AIME/NAIA), Student Travel Accident, personal property (Inland Marine) and third party liability coverage for vehicles. The 2004/2005 costs were:

Risk Pool	Premium	Deductible	Total Coverage
Liability	\$227,526	\$35,000	\$25,000,000
Workers' Compensation Employers' Liability	\$781,855	\$0.00	Statutory Limits \$12,000,000
IDL/NDI/UI	\$82,152	\$0.00	Statutory Limits

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Purchased Insurance

Property*	\$63,193	\$100,000	\$500,000,000
Flood			\$30,000,000
Athletics**	\$3,451	\$0.00	\$10,000,000
Student Travel Accident	\$913	\$0.00	\$10,000
Inland Marine	\$1,784	\$500	Repair/replacement
<u>VLSIP</u>			
Vehicle***	\$54,849	\$0.00	Negotiated

* Premium does not include deductible buy-down to \$100,000 from \$1,000,000.

** These premiums are reimbursed by the campus' athletic program.

*** Partially funded through campus vehicle mileage charges managed by Facility Services.

The attached graphs represent the increases and decreases in the risk pool and real property premiums over the past five years (2000 – 2004). Costs for Athletics, Student Travel Accident and Inland Marine purchased insurance fluctuate minimally, if at all. Participation in the State Motor Vehicle Liability Self-Insurance Program (VLSIP) is required of the CSU and increased almost 483% for this reported fiscal year. The premiums are partially based on the number of covered vehicles owned by the campus. For this report period, the campus was charged for 56 vehicles.

The campus also participates in the optional Special Event insurance program which allows the campus to transfer the financial responsibility through insurance coverage required of certain event organizers. On a case-by-case basis, insurance is procured by the event holder, naming the university as an additional insured. Three Special Event insurance certificates were issued in 2004/2005 for: the Guelaguetza, Wellness Day and Adelante Mujer.

Tort Claims and Litigation

During fiscal year 2004/2005, the campus denied five tort claims and accepted one claim filed with the Victims' Compensation and Government Claims Board. Three of these claims were filed by students, one was filed by an employee and three were filed by vendors/contractors. Three employment practices liability (EPL) lawsuits carried over from 2003/2004. The cost to the campus for these liability claims during 2004/2005 was \$37,717. As of the end of 2004/2005, the campus' estimated outstanding liability is \$33,557 for one of the claims.

Workers' Compensation

Costs for campus workers' compensation claims rose 9% during 2004/2005. \$212,045 was spent on workers' compensation claims during the year versus \$194,197 from the previous year. This expenditure breaks down as follows (*figures are rounded*):

\$94,268	Medical paid
\$97,461	Indemnity paid
\$20,317	Expenses paid

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One litigated claim continues in inactive status and is currently awaiting action on the part of the campus' defense attorney. Two claimants have legal representation, but there has been no legal activity to date.

Other Liability

No other liability or claims inquiries were brought to the attention of the risk manager during 2004/2005.

Incidents

In fiscal year 2004/2005, 156 incidents were reported involving students, employees and visitors. This constitutes a 116% rise in total reported incidents. Of additional significance is that Indoor Air Quality incidents increased by 111% and general Accident/Injury increased 105%. Miscellaneous reports include: confined space, fires and acute illnesses. During 2004/2005, reported safety concerns were identified separately for the first time. 2004/2005 reported incidents are identified as follows:

37	Accident/Injury
55	Indoor Air Quality complaints
13	Hazardous Spills
17	Miscellaneous reports
34	Safety Concerns

The 2002/2003 annual report noted a claim filed by the campus for property damage to the Academic Hall. Settlement for the water damage to Academic Hall was made by CSURMA and a payment of \$85,000 was received by the campus during the 2004/2005 report year. The insurer claimed pre-existing conditions and failure to appropriately mitigate the loss by protecting the property. The campus' outstanding claim was for \$154,419, which does not include the \$100,000 deductible paid. The total out-of-pocket cost to the campus general fund was \$169,419 in 2004/2005. The total cost for the claim was \$254,419.

Goals

The following is a summary of the risk management program objectives for 2004/2005 and goals for year 2005/2006. Each goal represents a fundamental component of the risk management program. RM&S will continue to expand on the goals identified in 2004/2005 in addition to the newly identified 2005/2006 goals.

Risk Awareness (2004/2005 Goals) – Enhancement of communication skills and identification of venues and mediums will enable the risk management programs to maintain the vision of RM&S, which is “To empower the campus community, by providing the tools they need to take control of their own risk management, health and safety.” A minimum of three formal training presentations will be provided to the campus community during 2004/2005. We will also seek out informal training opportunities with various members of the campus community.

- 2004/2005 Goal Status – During this reporting year, the risk manager and other members of the RM&S staff conducted a number of presentations regarding the risk management programs. Presentations were made to FAS managers, student club/organization officers, members of SAE fraternity and during new employee orientation.

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Additionally, collaborations continued with the Office of Community Service Learning and Student & Residential Life to improve processes.

- 2005/2006 Goals - Another vehicle in which to provide risk awareness has been made available in the re-emergence of the Risk Management Advisory Committee. The RMAC will meet on a quarterly basis to discuss and resolve risk management concerns on campus. Additionally, the Interim Risk Manager intends to conduct a Risk Assessment at the Southwest Riverside County location and on-site Injury and Illness Prevention training due to the campus growth in this region.

Professional Development (2004/2005 Goals) – The Risk Manager and the Workers' Compensation and Safety Coordinator will continue to seek opportunities to further develop knowledge of workers' compensation best practices and the changes and impacts of California Labor Codes. Possible options include conferences, courses, workshops and peer meetings.

- 2004/2005 Goal Status – The Risk Manager and the Workers' Compensation and Safety Coordinator completed coursework toward the WC Claims Administration certificate. The Risk Manager attended the Public Agency Risk Management Association's (PARMA) annual conference, as well as the CSU Fitting the Pieces conference. The Risk Manager also participated in a number of CSU originated trainings offered online and on campus.
- 2005/2006 Goals - The Interim Risk Manager will participate in the ARM 56 course to complete the last of three tests necessary to obtain the ARM professional designation. The Interim Risk Manager will attend the University Risk Manager & Insurance Association (URMIA) annual conference, Public Agency Risk Management Association's (PARMA) annual conference and CSU Fitting the Pieces. The Workers' Compensation and Safety Coordinator will continue to seek opportunities to develop knowledge of workers' compensation laws, reform and CSU protocol through various conferences, workshops and meetings.

Program Improvement (2004/2005 Goals) – The emphasis last year was to provide the “tools” to the campus community that they needed in order to meet their responsibilities as employees and members of the campus. The main venue for providing the tools during 2004/2005 involved utilization of the web to provide forms and information. Part of program improvement involved assessing how well we are performing. This was accomplished through analysis of filed claims, reported incidents and communicating recommendations to campus managers.

- 2004/2005 Goal Status - RM&S initiated a self-audit based upon the system-wide risk management audit completed in 2004. Considerable work was done by RM&S staff to improve the department's web pages and provide access to various documents, off-campus resources and government brochures and forms. RM&S completed the risk management program self-audit questions and will continue to update the documents and various program processes as indicated. Due to various personnel issues, including the loss of a key administrative support employee, the claims analysis, report production and reviews were not accomplished during 2004/2005.
- 2005/2006 Goals – RM&S will complete the claims analysis, report production and reviews of the 2004/2005 RM Self-Audit. The audit results will be used as a program improvement guide for RM&S and the campus community.

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Program Support (2004/2005 Goals) – The risk management programs will continue to serve as resources to the campus community and general public. Student Life and Leadership (SLL) and RM&S will complete their work and prepare their recommendations concerning the student domestic travel policy and procedures for review and approval by campus executives. The result of this project will have a campus wide impact concerning academic and co-curricular student travel. Another goal is to work with OGC to develop workable guidelines for faculty to use during study abroad programs, or at minimum to gain approval to continue to use the manual created by our Global Affairs Office.

- 2004/2005 Goal Status – As indicated above, RM&S and SLL continued their work on the student domestic travel policy and procedures, but did not complete the project during 2004/2005. Completion of this project is anticipated for 2005/2006. Also, due to staffing issues and other priorities, the study abroad guidelines project was sidelined.

- 2005/2006 Goals – RM&S will work in conjunction with Procurement and Community Service Learning to establish University protocol related to Student Placement Agreements. In order to do so, RM&S, Procurement and CSL will review the CSU CSL Best Practice for Managing Risk in Service Learning and provide guidance to faculty in the importance of using the guideline established by the CSU. Additionally, RM&S will work in conjunction with Procurement to clearly define the Student Placement criteria for other campus entities non-affiliated with CSL including; CoBA, CoED, Nursing and the MSW Program as it relates to GL/WC coverage. In an effort to safeguard the people and property affiliated with the university, RM&S looks forward to partnering with ASI to formalize special event risk assessments. In creating guidelines or criteria for coordinating a campus event, it is the hope that the university representatives, outside organizations and students have a clear understanding of potential risk issues identified in their event and the measures needed to mitigate those potential risks.