



UNIVERSITY OF CALIFORNIA

Office of the President

Risk Services

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Chief Risk Officer
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Office of Risk Services (OPRS)

- OPRS administers systemwide risk management programs including:
 - Self-insurance, insurance purchasing, and associated claims administration
 - Environmental Health and Safety (EH&S)
 - Various programs and initiatives to assist campuses and medical centers in strategically managing risk

OPRS Reporting Capabilities

- Professional Liability
- General Liability
- Property Losses
- Threat & Security
- EH&S
- BCP
- Employment Practices
- Workers' Compensation
- Construction
- Human Subject Injury
- Emergency Management
- Other

OPRS Reporting Capabilities

- Currently only the claims that are settled over \$250,000 are reported to the Regents
 - Represents only about 8% of the General Liability Claims and about 9% of the Professional Liability Claims
 - No information regarding the other incidents and claims within our programs is reported
- Risk Services provides an Annual Report to the Regents that provides a high-level view of our program and highlights frequency and total cost of claims
- Recommend that OPRS report on trends and associated remediation related to all areas of concern

Employment Practices (EL)

- The severity of EL Claims has increased for UC and other Higher Education Institutions
- \$11–12 million spent across the system to fund EPL matters each year
- Not only are there financial risks, but operational risks and harm to our reputation

CALIFORNIA CASES

<u>Year</u>	<u>Amount</u>	<u>Case Name</u>
2005	\$20.8 Million	Gnesda v. UPS
2006	\$61 Million	Rizkallah & Issa v. Federal Express Express
2007	\$5.85 Million	Lindy Vivas v. CSU Fresno
2007	\$19.1 Million	Johnson-Klein v. CSU Fresno

UC AND THE CHALLENGE OF EPL

- Insurance carriers are reluctant to underwrite our risk
 - Two of the world's largest off-shore carriers refused to quote coverage for UC last year
 - Concerned about potential class action litigation
 - No carrier will quote below a \$5 million dollar retention

WHAT ARE WE SPENDING?

Payment Type	FY 03–04	FY 04–05	FY 05–06	FY 06–07
Indemnity	\$4,195,542	\$2,870,205	\$3,261,500	\$8,471,310
Expense	\$5,286,682	\$6,144,040	\$6,465,573	\$7,786,422
Total	\$9,482,224	\$9,014,245	\$9,727,073	\$16,257,732 2

Non-Litigated EPL Incidents Reported to CMS FY 06–07		
	FY 05–06	FY 06–07
ANR	0	0
Berkeley	4	8
Davis	2	17
Davis Med Center	2	12
Santa Cruz	0	16
UCSF	23	16
UCSF Med Center	1	4
OP	0	1
Merced	0	0
Irvine	0	4
Irvine Med	1	2
UCLA	31	75
UCLA Med	9	10
Riverside	1	8
Santa Barbara	5	2
San Diego	0	10
San Diego Med	0	0
Santa Monica	0	0
Total Non-Litigated EPL	79	185

The locations began reporting all non-litigated employment practice liability incidents in February 2006. This information was not captured prior to this time.

Most Common Types of Claims & Incidents at UC 2000–2007

Top 10 – Frequency

- Disability Discrimination – 106
- Racial Discrimination – 87
- Wrongful Termination – 73
- Retaliation – 68
- Sexual Harassment – 64
- Harassment – 58
- Administrative Error – 40
- Gender Discrimination – 39
- Age Discrimination – 33
- National Origin – 33

Top 10 – Severity \$

- Gender Discrimination – \$14.3m
- Disability Discrimination – \$11.7m
- Retaliation – \$12.2m
- Racial Discrimination – \$9.1m
- Wrongful Termination \$4.9m
- Breach of Contract – \$4m
- Sexual Harassment – \$3.8m
- Age Discrimination – \$2.9m
- Defamation of Character \$2m
- National Origin \$1.4m

OPRS – EPL Remediation Plans

- The Risk Management Leadership Council committed to performing retrospective reviews on all claims >\$50,000 (includes EPL claims)
- A loss prevention plan that focuses in on training has been developed and will be implemented with the support of OGC in FY 08–09
- OPRS will continue to encourage the locations to report all claims

OPRS Reporting Capabilities

- OPRS can provide compliance information related to EH&S
- Update the committee on UC's event readiness
 - UC Ready
- Update the committee on strategic risk management programs at each location

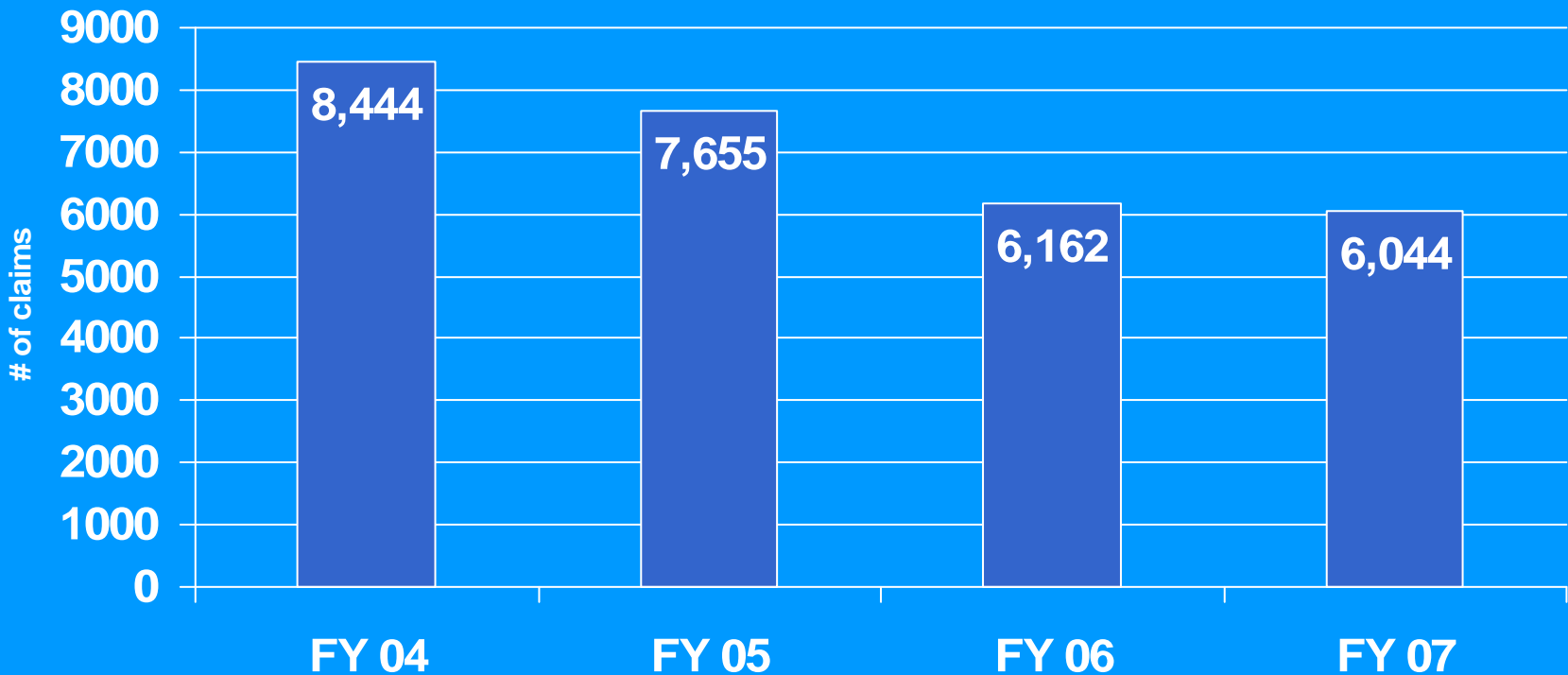
OPRS – Strategic Impact

- OPRS has a history of developing and implementing strategic programs that produce results
- Designed the *Be Smart About Safety* Program
- From 2004 to 2007 workers' compensation claims reduced by 28%

OPRS – Strategic Impact



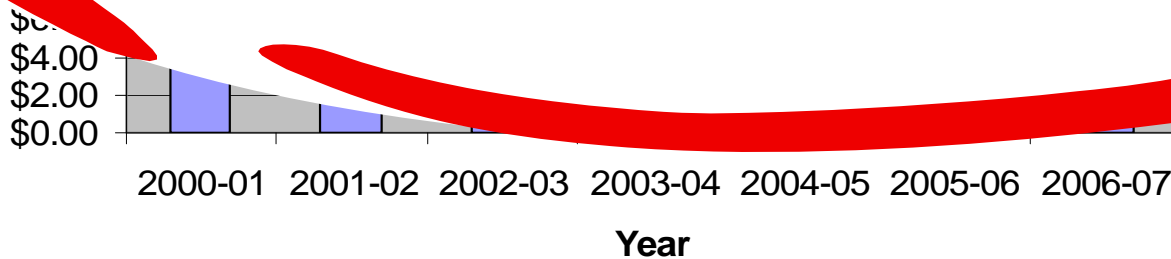
Reduction in Workers' Compensation Claims



Cost of Risk

	Total Cost of Risk per \$1,000 Revenue						
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Administration	\$4.58	\$4.83	\$4.21	\$4.08	\$3.99	\$4.12	\$4.04
Premiums	0.63	0.77	1.45	1.34	1.37	1.22	1.19
GL Self-Insurance	1.85	1.40	1.34	1.06	1.11	1.12	1.24
PL Self-Insurance	3.17	3.76	3.76	3.10	3.46	3.21	2.92
WC Self-Insurance	4.93	5.74	7.07	8.97	8.12	6.21	5.70
Grand Total	\$15.16	\$16.51	\$17.82	\$18.56	\$18.04	\$15.88	\$15.08

reduced cost of risk by
16% in 18 months



Summary

- OPRS has a wealth of information that can be of value to the Audit Committee in understanding the risks facing the University
- The guidance and support of the Audit Committee would be of great value to the CRO in continuing our efforts to strategically manage risk
- We would welcome the opportunity to report regularly to the committee