



RISK MANAGEMENT AND INSURANCE POLICY

1. BACKGROUND & PURPOSE

- A. The University Corporation, San Francisco State,, (UCorp) has long practiced a conservative program of risk management and has transferred risk or identifiable hazards to insurers through purchase of comprehensive insurance coverage, This program and implementing practices are integrated into the operations of the UCorp.

Section 8.7, Risk Management, of the Manual of Policies & Procedures for Auxiliary Organizations of the California State University identifies the need for clarification of the risk management policy and practices on campus by and between the University and its auxiliary organizations, especially in the case of joint programs or activities. Manual Appendix M.2, “internal Compliance Review Check List”, Question 41 asks if the auxiliary has developed a risk management policy as suggested in Section 8.7.

On August 1, 1988, the Chancellor issued Executive Order No. 533 and Executive Order No. 1069 which supersedes Executive Order No. 849, recognizing risk management as an essential program of the CSU system and adopting a broad policy statement for the system.

The Auxiliary Organizations Association also adopted ‘model’ risk management guidelines that encourage its member auxiliary organizations to develop and adopt formal policy statements including suggested minimum standards.

- B. Purpose. The UCorp Board of Directors, having reviewed this matter with management within the context described above, adopted this policy document statement. The policy ensures effective management, while accurately identifying, evaluating and determining the most advantageous method of risk treatment.

This document is intended to complement Executive Order No. 1069, and campus policy/practices adopted to implement that Executive Order. Its primary objective is to reduce or eliminate risks and losses to which the UCorp may be exposed, while preserving its assets and earning power in order to fulfill it mission to the University.

2. POLICY

- A. General. The UCorp Board of Directors recognizes its role of stewardship over UCorp and trust assets. This responsibility requires due concern for the safety of the public, those involved with UCorp services, projects, or programs with UCorp sponsorship or participation, combined with a need to ensure that maximum protection be accorded UCorp resources.
- B. Limited Loss Retention. UCorp recognizes its ability to budget and self-fund limited and predictable risks of financial loss. It shall not be the UCorp’s practice to attempt to insure such foreseeable and bearable expenses if alternatives can be achieved with due regard to sound business. Self-insuring certain risk and/or purchase of property and

casualty insurance with appropriate deductibles shall be determined by the Executive Director, with due recognition of insurance market conditions.

- C. Insurance Acquisition. UCorp is not obliged by operation of any statutes or regulation to award contracts for insurance to any insurance underwriter, broker, agent, risk retention group or other similar group or organization. The UCorp will continue to purchase insurance from insurers that are financially sound, with proven administrative ratings. Premium costs are an essential element of evaluating any proposal.
- D. Cooperative Programs. UCorp will remain alert to opportunities for cooperative action with other entities that promote mutual benefit in treatment of risks that may require special consideration. Any such cooperative activity shall be evaluated by the COO and an appropriate report submitted to the Board of Directors for consideration.

3. POLICY IMPLEMENTATION

- A. Management of Risks. The management of risks of loss to UCorp under the above policy will be the responsibility of the Executive Director or designee. It is the Executive Director's duty to identify risks, and determine the means of eliminating, abating, transferring, or retaining these risks after consultation with appropriate staff, counsel and University personnel.

When UCorp cannot eliminate or economically retain a risk of loss, it shall be transferred by purchase of insurance when available. The form and sufficiency of various policy limits for protection of the UCorp shall be determined by the Executive Director or designee.

- B. Management Standards/Guidelines. The Executive Director is authorized to implement a comprehensive risk management and insurance program consistent with this policy statement. Written program guidelines may include criteria to identify hazards and risks for analysis:

Quantification of activities, services and support in which the UCorp is involved

Minimum insurance coverage and limits by type of authorized activities

Activity relationships in which there is/may be shared responsibility and liability with respect to contracts, employment, occupancy of premises or oversight of facilities, programs or services between UCorp and the University or other entity

The exclusion of risks or activities that UCorp is clearly unwilling to undertake, under any and all conditions, including those that may be prohibited or pose such a high degree of risk as to jeopardize the feasibility of the activity, or constitute a threat to the corporation

The guidelines shall also formalize UCorp's Risk Management and Property/Casualty Insurance Coverage Program by integrating the following program elements into the organization's operations:

- Reviewing the scope of coverage and the limits of insurance policies in relation to activities and liability exposure
- Evaluating the ability to partially or entirely self-fund risk
- Monitoring insurance coverage and claims

- Conducting routine inspections of property
 - Identifying areas and activities involving joint/shared risk
 - Observing safe practices in all areas
 - Conducting an ongoing safe practice/risk avoidance training and reinforcement effort with employees covering all risks
 - Instituting disciplinary measures consistent with the Personnel Manual to insure that the practice of risk management is implemented
- C. Program Practices. UCorp management shall establish and maintain documented risk management practices as an essential part of the program, including:
- Assessment of new activities (especially assumption of contractual liability) in terms of risk
- A periodic review of risks, exposures, activities and properties
- A formal review process for assessing risk exposures on premises, in operations, through contracts, and with avoidance/prevention efforts
- An accident/loss monitoring process that identifies where accidents and/or losses are occurring or will likely occur
- A systematic claims assessment process to insure that claims are being properly administered and that the activity sponsor is fully aware of the types of risks being assumed
- A practice of including risk management as a component of management performance evaluations
- Development of preparedness plans for disasters
- D. Program Organization. The Executive Director, through management guidelines, shall clearly identify how the Risk Management Program is to be organized, including:
- Delegated authority
- Performance of program duties and task assignment
- Role and relationship of Claims Management Firm and agents
- Relationships of risk management program/staff to safety, security, legal and employee relation functions
- E. Program Review. The UCorp Board of Directors will provide periodic review of all insurance coverage as needed