



Human Resources and Allied Professionals Program



**MISSION:
POSSIBLE**





Human Resources and Allied Professionals Program



- Our mission is to enable the University faculty, staff and students to identify and manage risks associated with their activities, consistent with the University's missions of teaching, research and public service. By strategically managing risk we can reduce the chances of loss, create greater financial stability, and protect our resources.

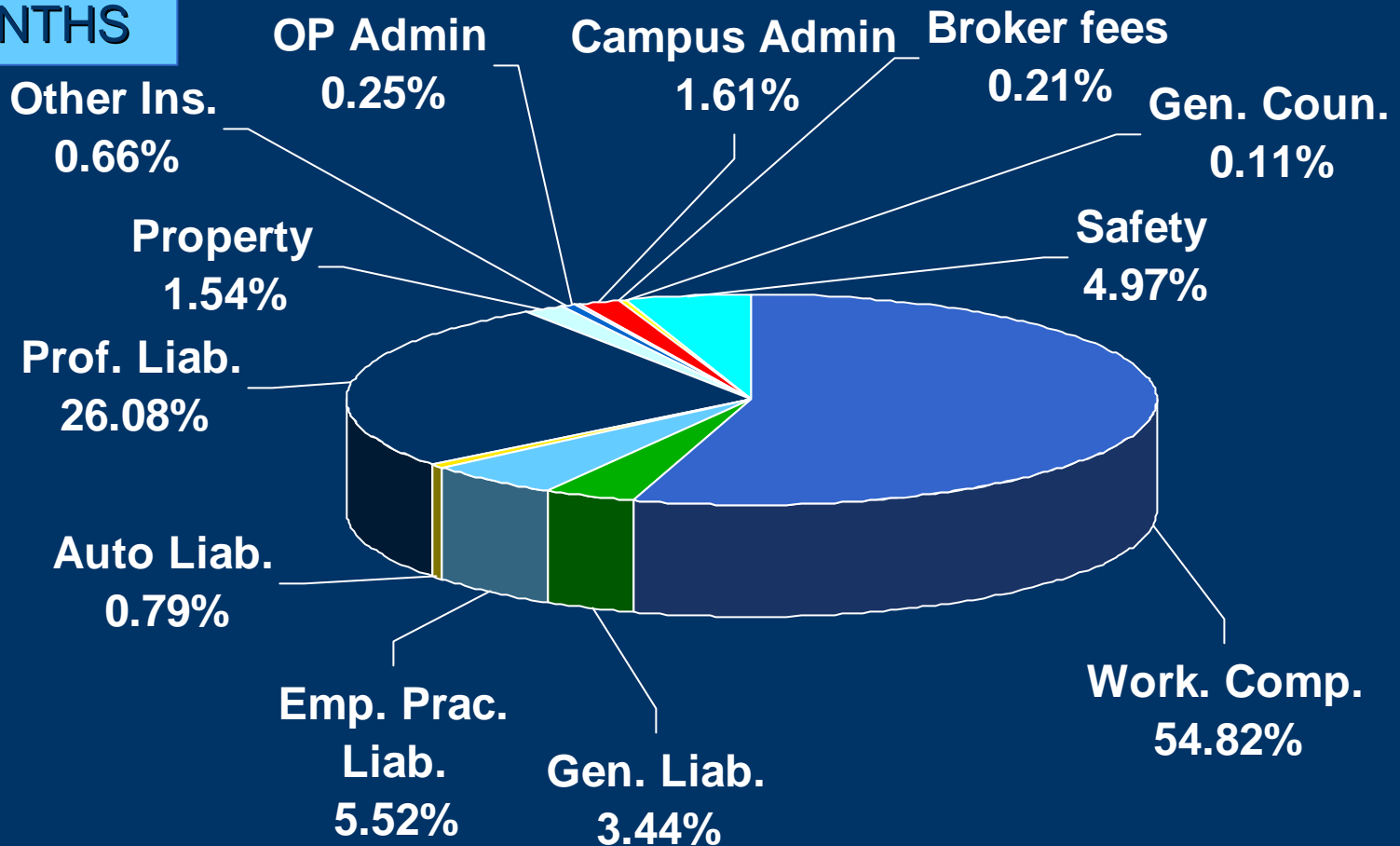


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**MISSION: REDUCE
COST OF RISK BY
15% IN 24 MONTHS**

2003-2004 Cost of Risk



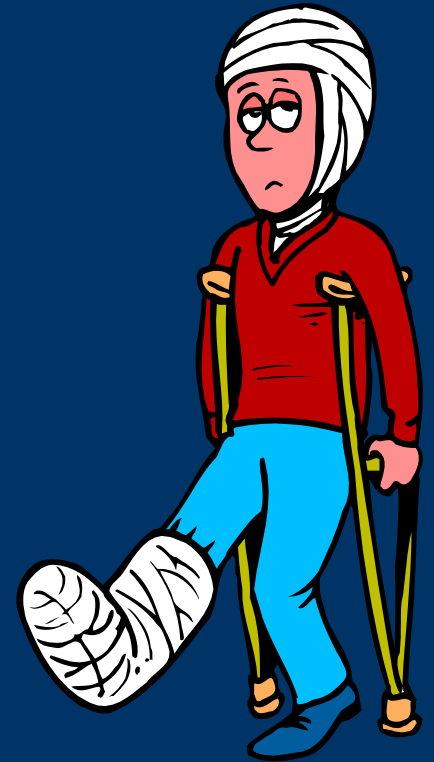


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WORKERS' COMPENSATION PROGRAM

- State mandated & “No-Fault” system
- Coverage for all injuries / diseases
AOE COE
 - “Arising out of employment and occurring in the course of employment”
- “Exclusive Remedy”
- 8,000 open indemnity claims
- Estimated program costs of \$141 million a year





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WORKER'S COMPENSATION

- We took steps to promptly change our procedures to take advantage of new law SB899 that governs WC, which will reduce our liabilities.
 - Occupational Health Management – AMA training and software
 - Incident Reporting Process



Claims Closure Strategy

- 8,000 open indemnity claims
 - An estimated \$380m+ in reserves (adverse case progression factor)
 - Negative impact on our excess insurance costs
 - Negative impact on our administration costs
- Closing claims results in:
 - Reduced unpredictability – Actuarial projections are improved
 - Reduced reserve improves financial statement
 - Reduced administrative costs
 - Resources are freed up for loss control activities – money and time – which results in further improvement in claims experience which impacts financial statement



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Stipulated Cases

- 8,000 open claims - 3,000+ are stipulated
- <4% of cases have subsequent injuries for stipulated body parts/conditions
- Favorable apportionment regulations – we are only liable for the % of PD directly caused by the injury
- Apparent downside of C&R cases is potential future medical - this is a misconception
 - This is not an increase in cost as we are presently paying future medical on stipulations with the additional hit to our reserves based on actuarial projections based on adverse case progression factors)
 - Can be managed through loss prevention
 - Identification of high risk workers
 - EH&S and Claim Managers partnering on intervention



Commission on Health and Safety and Workers' Compensation



Early Review of 1/1/2005 AMA Based Permanent Disability Rating Schedule

**Preliminary Report to the Commission —
Oakland—August 25, 2005**

Preliminary and Very Early Results

Average Ratings

| | 2005 PDRS | Pre-2005 PDRS | Difference |
|----------|-----------|---------------|------------|
| Summary | 11.14% | 18.30% | -39% |
| Consults | 17.45% | 28.15% | -38% |



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- The Workers' Compensation (WC) Deficit has been reduced from \$111 million as of December 2004 to \$15 million (latest actuarial study).



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Safety & Loss Prevention

- We partnered with Environment, Health and Safety and Human Resources to develop strategies to prevent losses from occurring in the first place, which will reduce our liabilities going forward.
 - EH&S now part of Risk Services at OP
- CRO working with EH&S Directors on enhancing safety programs



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Loss Prevention

- Variety of Loss Prevention and Loss Control Programs at each location
- EH&S Directors Work-Groups:
 - Ergonomics
 - Safety Training (STEW)
 - Haz-Mat (HWAG)
 - IH & Lab Safety
 - Radiation Safety
 - Bio-Safety
 - Emergency Management
 - Environment
 - Field Safety
 - Fire Marshals
 - Environmental Health



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Loss Prevention

- Loss Prevention should include an arsenal of techniques
 - **Hiring Practices**
 - **Management and Supervision**
 - **Contractual Risk Transfer**
 - **Credibility**
 - **Communication**
 - **Accountability**
 - **Culture**
- Loss Prevention should be delivered in a variety of ways
 - **Controls – prevent and detect**
 - **Policies and Procedures**
 - **Training**
 - **Safety Programs**
 - **Loss Allocation**
 - **Culture**



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How will loss prevention be funded?

- Currently: deficit deferral or percentage of surplus
- As we move into a “state of surplus” we will set aside a portion of the surplus to fund loss prevention
- Ultimately we will reach an optimum level of funding for loss prevention and the rates can be reduced
- “Be Smart About Safety”



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Employment Practices

- The responsibility of every discipline
 - Manager / Supervisor
 - Human Resources Advisor
 - Labor relations
 - Affirmative Action
 - Workers Compensation manager
- Do the right thing!



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The Top Ten

| | | |
|----------------------|-------------|-----------------------------|
| Resident Liz | \$872,131 | Race and Sex discrimination |
| Parking Services Pat | \$876,595 | Discrimination |
| Professor Pam | \$960,562 | Age and Sex Discrimination |
| Researcher Rob | \$981,821 | ADA |
| Researcher Rudy | \$1,007,157 | Labor Code |



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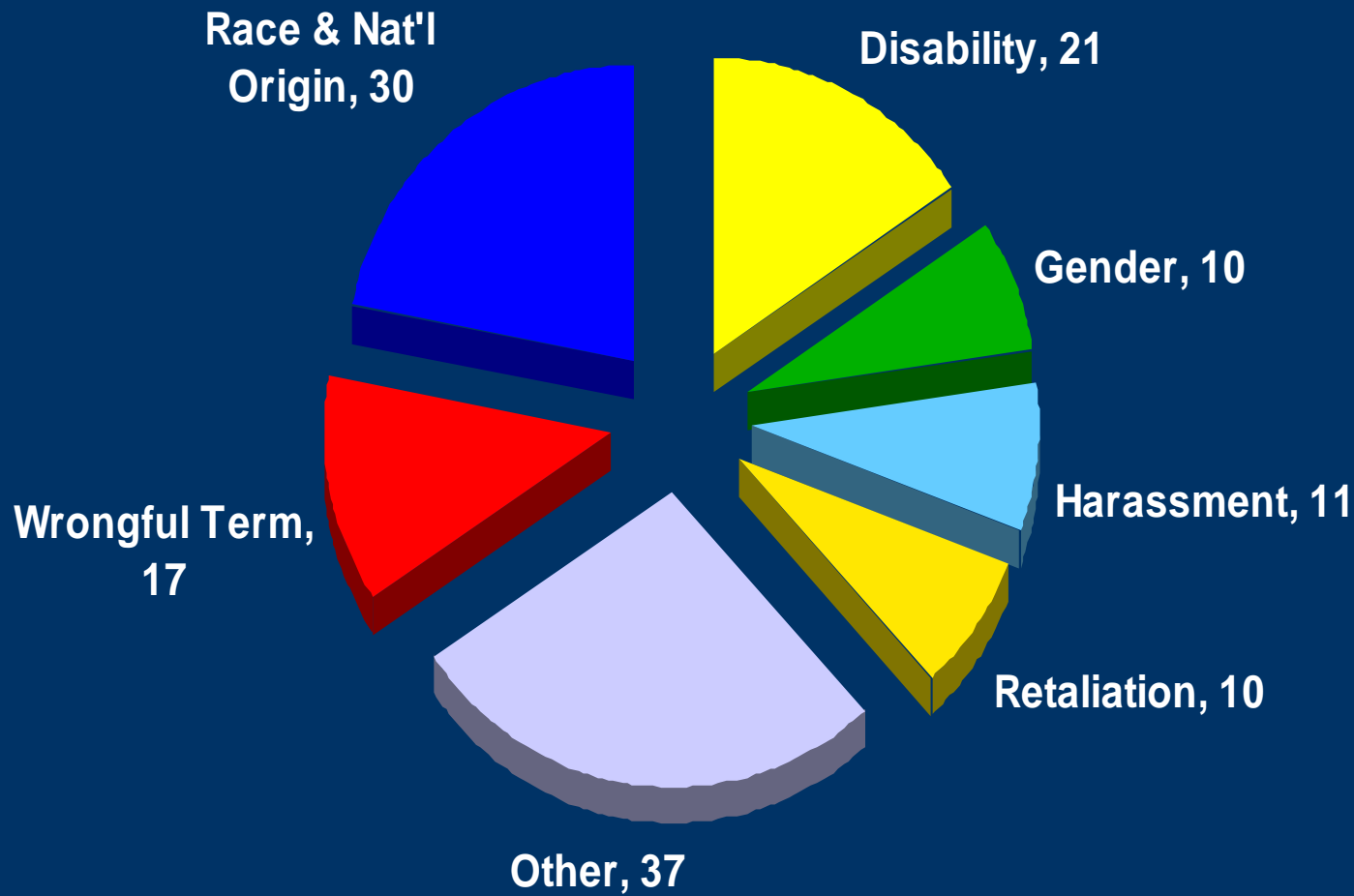


The Top Ten (con't)

| | | |
|--------------------------|--------------|--------------------------|
| Mailman Mark | \$1,019,157 | National Origin & Gender |
| Rhonda Researcher | \$1,221,082 | Sexual Harassment |
| Resident Robert | \$1,771,648 | Race Discrimination |
| Patti Project Manager | \$1,940, 316 | Retaliation |
| Cathy Clerk | \$2,103,406 | Retaliaton |

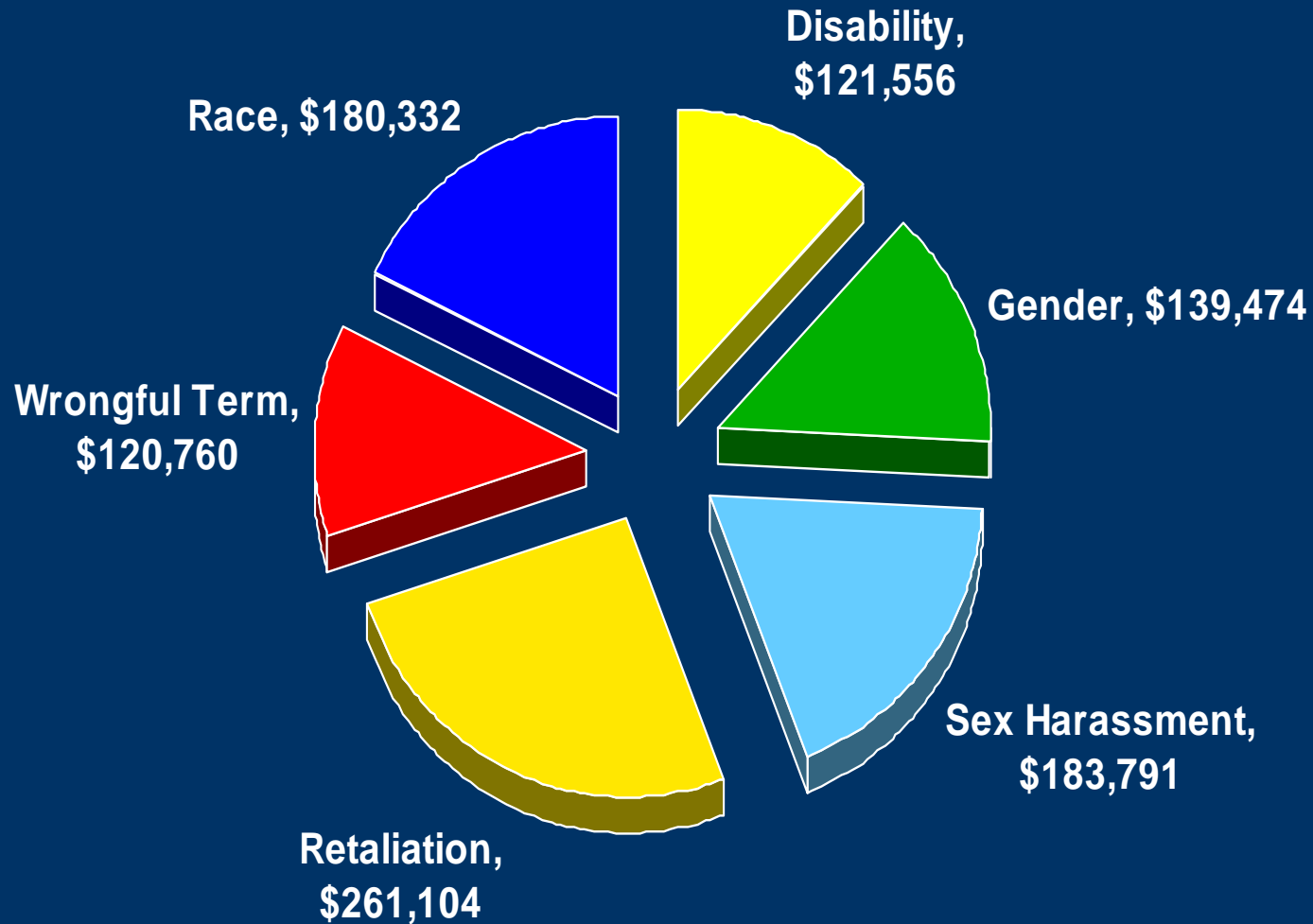
Open Lawsuits

Number of Claims by Type



Note: Total 136 Open Lawsuits

Employment Liability Lawsuits Closed July 2002 – April 2005 Average Costs per Claim





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Employment Liability Case Results July 1, 2000 – March 31, 2005

| | |
|----------------------------------|-----|
| Trial – Defense Verdicts | 8 |
| Trial – Plaintiff Verdicts | 7 |
| Resolved by Pre-trial Motions | 68 |
| Dismissals | 25 |
| Settlements | 92 |
| Total Cases Resolved | 200 |



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Lessons Learned

- Performance Management
- Timely Adjudicate
- Communicate
- Work as a team