RISK SERVICES
AND
THE BUSINESS OFFICER

Grace M. Crickette
Chief Risk Officer
OP Risk Services
Mission Statement
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.

Risk Services Functions
• Identify risk and develop strategies to minimize the impact of risk
• Develop and implement risk financing programs to not only financially manage risk but to facilitate business processes
• Risk Services core responsibilities:
  – Provide claims management services
    • Workers’ Compensation Program
    • Professional Liability Program
    • Property Program
    • Employment Practices Program
  – Purchase insurance systemwide
  – Develop loss control programs to reduce claims cost
  – Environment, Health & Safety (EH&S) now part of Risk Services
• Develop and implement Enterprise Risk
Risk Services Goals

• Create a risk-aware culture
• Formally bring consideration of risk into strategic decision-making
• Develop a center of excellence for managing risk, drawing on the expertise of highly-skilled individuals throughout the University
• Communicate to stakeholders and be an advisor to other executives and managers
  • Annual Report
  • Newsletters
  • Risk Management Leadership Council
  • Enterprise Risk Management (ERM) Panel
  • Risk Summits
  • Partnership with other Departments

http://www.ucop.edu/riskmgt
ERM encourages cross-discipline collaboration

What can ERM do for you?

• Help you take greater risks while ensuring the most positive outcome
• Tie in to your strategic decision making
• Facilitate collaboration and communication throughout your organization
Traditional risk management – the “old days”

- Risk Manager usually not called on for assistance until after a negative event occurred
- Pre-risk considerations addressed insurance, contractual, and loss prevention issues
  - Example: research trip by boat down the Amazon
    - Risk Manager: “Do you have waivers? Will you have life vests and safety equipment?”

Moving from traditional to Enterprise Risk Management

- Requires more in-depth consideration of risk during planning stage:
  - Are there reporting requirements imposed by the trip sponsor?
  - Will the trip fulfill its educational objectives?
  - Is it fiscally sound?
  - What are the political risks in the country of travel?
  - Are there health risks to be aware of?
- To better understand this concept, see the ERM Case Study exercise from the June 2007 NACUBO ERM forum
Where to start?

• Form a cross-disciplinary panel
  – Brings together needed expertise for considering risk in strategic planning

• Many UC campuses and medical centers have formed ERM groups
  – See sample charters on Risk Services website for examples
    • Membership of group
    • Duties & responsibilities

No need to reinvent the wheel

• Review what others have already done, learn from their experience, and refine their tools to meet your needs
  – Most major teaching institutions have or are in the process of implementing an ERM program
  – Many different methodologies and frameworks to choose from

• Visit the ERM Library on the Risk Services website to see what others have developed:
  http://www.ucop.edu/riskmgmt/erm.html
ERM Toolbox resources

The ERM Toolbox on the Risk Services webpage has many resources available:
- Sample charter documents for ERM groups
- Sample work plans
- Sample strategic goal plans
- Sample surveys
- Sample strategic risk assessments

http://www.ucop.edu/riskmgmt/erm.html

Show me the money!

- Went from $130M deficit to $55M surplus in 18 months
- Reduced internal insurance rates
- Sponsored $15M in programs
- Refunded over $31M to locations
reduced cost of risk by 16% in 18 months
Campus Risk Services

- Identifies and analyzes risks
- Implements programs at a local level
- Provides risk management advice and consultation

How can we help you?

Definition: What is Risk?

- Traditional Risks
  - Possibility of loss or injury
  - Damage to property
  - Third party liability
- New Risk Management
  - Lost opportunity
  - Managing risk vs. being risk-averse
Risk Management Process

- **Identify** the potential loss exposure(s)
- **Examine** alternative risk control methods
- **Select** and **implement** the appropriate method(s)
- **Monitor** results, make changes as needed

Art or Science: Risk Appetite

Super Size Me

“No more. No.”
Art or Science: Risk Strategy

• Most critically, Risk Management plans include a risk strategy. Broadly, there are four potential strategies, with numerous variations:
  – Accept risk; simply take the chance that the negative impact will be incurred
  – Avoid risk; changing plans in order to prevent the problem from arising
  – Mitigate risk; lessening its impact through intermediate steps
  – Transfer risk; outsource risk to a capable third party that can manage the outcome

Examples Of Managing Risk

• **Avoidance:** Don’t do the activity – use business contract to provide for student transportation
• **Loss Prevention and Control:** Mitigate damages or prevent loss – obtain prompt medical treatment; use safety glasses
• **Risk Financing:** Obtain insurance or self-insure to finance losses that occur – UC self-insurance programs
• **Risk Transfer:** Transfer financial responsibility for risk by indemnification, hold harmless – Use Permit
Loss Transfer: Transfer Loss to a Third Party

- Insurance policy – a contract where the insurance company assumes financial responsibility for the loss
  - Not for predictable and frequent losses
  - Useful for “catastrophic” losses

Indemnification / Hold Harmless

- Indemnification by contract / hold harmless agreement - party to the transaction agrees to assume the risk and “hold harmless” the other party (UC)
- Waivers release the University from legal liability for injuries to students or other individuals.
UC Tracker

• Streamlines vendor insurance compliance process
• Benefits
  – One systemwide centralized source for all vendors/contractors
  – Significant reduction in the effort required to collect, track, and search for insurance certificates
  – Increased visibility into the vendor compliance process
  – Standardized process for vendor compliance management will provide Procurement better leverage when dealing with vendors
  – Elimination of paper: no more paper files, no more manual filing or searching
  – Automated followup on policy expirations will ensure continuous vendor/contractor insurance compliance
  – Increased subrogation potential on claims

Case Study:
Professor Daniels
Regents Insurance Programs

- General/Automobile Liability
  - Retention - $2.5 Million per occurrence
- Employment Liability
  - Retention - $5 Million per occurrence
- Professional Medical and Hospital Liability (Medical Malpractice)
  - Retention - $5 Million per occurrence
- Workers’ Compensation
  - Retention - $5 Million per occurrence
- Property
  - Retention - $7.5 Million per occurrence
- Crime and Employee Dishonesty
  - Retention - $1 Million per occurrence
- Special Risk
  - Various retentions

What is covered?

- If something goes wrong, assume that there is insurance to cover the cost of the loss and expenses until told “no” by OPRS
General Liability Program

• Includes automobile claims, slip and fall claims, and employment practices claims
• Approximately 925 open claims
• Managed by an outside claims administrator
• Estimated program costs of $20 million a year

Property Programs

• Includes claims for damage or loss to University-owned property, e.g., stolen laptops, lab fires, water damage to buildings, etc.
• $38 billion in property values
• Approximately 458 new claims per year
• Average program costs of $8 million per year
Professional Liability Program

• Includes claims for medical errors made by our physicians, residents, nurses and other medical staff
• Approximately 500 claims per year
• Managed by an outside claims administrator
• Estimated program costs of $55 million a year

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”
• 4,200 open indemnity claims
• Estimated program costs of $135 million per year
OR,

WHO DOESN’T WANT TO LOSE A MILLION?

For every $ invested in Loss Prevention, approximately how many $ will be saved?

A. $1
B. $5
C. $10
D. $50
For every $ invested in Loss Prevention, approximately how many $ will be saved?

A. $1
B. $5
C. $10
D. $50

What is the difference between Loss Prevention and Loss Control?

A. Loss Prevention only saves lives
B. Loss Control only deals with the police
C. Human Resources deals with Loss Prevention, the police deal with Loss Control
D. Normally Loss Prevention is pre-accident, Loss Control is post-accident
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Who is responsible for preventing accidents?

A. The President
B. The Supervisor
C. The Emergency Manager
D. The EH&S Department
E. Everyone
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B. The Supervisor  
C. The Emergency Manager  
D. The EH&S Department  
E. Everyone

What is the #1 cause of accidents and fatalities in the workplace?

A. Ergonomic injuries  
B. Motor vehicle accidents  
C. Inattention to what you are doing  
D. Pressure from your supervisor
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How does Safety differ from Security?

A. Safety deals with unintentional risks; Security deals with intentional risks  
B. Safety people are nice guys; Security people are cops  
C. Security locks doors; Safety unlocks doors  
D. Security looks for bad guys while Safety looks for bad things
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“Be Smart About Safety”

- UC’s Injury & Illness Prevention Program
- Provides funding to the campuses and medical centers to invest in loss prevention and loss control programs
- Examples:
  - ergonomics and reduction of repetitive stress injuries
  - wellness programs
  - employee training programs
  - incentive and recognition programs
  - online and web-based training
  - automated external defibrillators at Agriculture & Natural Resources field locations
  - specialized safety equipment
  - multilingual communications for employees who are not fluent in English
A dangerous place to do your job?

Elements of Safety Walkarounds

- **Walk the workplace:**
  - Focus on positive and at-risk behaviors and unsafe conditions. Unsafe situations can emerge quickly so walkaround often.
- **Communicate:**
  - Good communications with employees facilitate reporting of safety issues
  - Practice active listening
- **Know there is a problem:**
  - Employees know their workplace best
  - EHS specialists can offer needed support
- **Take action to correct the problem**
- **Follow up and provide feedback**
Observe the Total Safety Culture

Individual Characteristics
Attitude, beliefs, and personality

Work Environment
Work load, housekeeping, equipment and tools, work procedures

Total Safety Culture

Behaviors
Safe and at-risk work practices

Based on the work of Scott Geller, *The Psychology of Safety Handbook*

Safety walkarounds focus on at-risk behaviors and unsafe conditions

The Hazard Pyramid

- 1 Fatal
- 30 Majors (L0WCs and L0SSCs)
- 300 Recordable Injuries
- 3,000 Near-Misses or First Aid
- 30,000 Hazards
  - Unsafe Acts
  - Employee-Created
  - Unsafe Conditions

WORLD-CLASS GOES BEYOND AN INJURY FOCUS
Walkaround Tools and Documentation

• Use a walkaround checklist
• Perform walkthrough and complete the walkthrough checklist
• Contact EH&S Department for assistance

SAFETY INSPECTION CHECKLIST FOR CUBICLES & OFFICES

Date of Inspection ________________Cubicle/Office Inspected ___________________

Inspector’s Name _____________________________________________________

General Safety

Corrected      Yes/No        Date

• Are aisles, doorways and corners free of obstructions_____________________
• Cubicle/office free of tripping hazards                          _____________________
• Are all phone lines, computer wires, & electrical cord secured _______________
• Chairs/furniture in good repair    _____________________
• Is heavy materials stored on lower or middle shelves _____________________
• Floor/rug surfaces clean, dry and free of obstructions _____________________
• Other:  _____________________________________ _____________________

Electrical Safety

• Are there any exposed electrical wires or equipment _____________________
• Proper use of surge protectors/extension cords  _____________________
• One surge protector per duplex electrical outlet             _____________________
• Are exposed cords covered with runners or cord protectors _________________
• Are employee owned electrical devices properly used _____________________

Office Ergonomics

• Employee has completed the Ergonomics Remedy Program________________
• Have the Remedy recommendations been implemented____________________
• Equipment is adjustable                                             _____________________
• Employee knows how to adjust the equipment________________
• Floor is free of water and slipping/tripping hazards_____________________
• Use telephone headset (If frequent user of phone)    ______________________
• Other Ergonomic Issues: ___________________________ ________________

Employee Training

• Employee is current on monthly safety meeting attendance    _______________
• Employee has received specialized training due to job assignment(s)__________

Form to be maintained by Department Safety Officer in inspection file

SAFETY WALKAROUND CHECKLIST

SAFETY INSPECTION CHECKLIST FOR COMMON AREAS

Date of Inspection _________________Area Inspected ______________________

Inspector’s Name _____________________________________________________

General Safety

Corrected    Yes/No        Date

• Accidents/injuries/illnesses/near misses investigated_______________________
• File cabinets arranged to prevent tripping hazards _____________________
• Areas free of obstacles and/or other tripping hazards _____________________
• Carpet/linoleum is in good repair (free of tripping hazards)_______________
• Heavy materials stored on top of or outside of file cabinets_________________
• Are floor surfaces clean, dry and free of obstructions _____________________
• Emergency exit adequately lighted and free of obstructions _____________________
• Wall plug cover(s) in place                                         ______________________
• Good housekeeping                                                     ______________________
• Other: ________________________________________  __________________

Storage Rooms

Corrected    Yes/No        Date

• Are all cabinets/shelving of 6 feet tall or over securely bolted together_________________
• Heavy materials not stored overhead _________________________
• Adequate side space___________________
• Good housekeeping                                                      ______________________

Aisle Area

Corrected    Yes/No        Date

• Are overhead shelves free of heavy items which may fall___________________
• Are aisles free of obstacles and/or other tripping hazards_________________
• Wall plugs are not overloaded with too many appliances_________________
• Fire extinguisher nearby. Access to extinguisher not blocked_________________
• Floor is free of water and slipping/tripping hazards_____________________
• Electrical cords for appliances in good condition_____________________

Good housekeeping

Form to be maintained by Department Safety Officer in inspection file
Ergo - #1 Safety Issue

1. Mouse arm
2. Raised shoulders
3. Bent wrist & palm planting
4. "Bike riding" posture
Other Common Safety Issues

Walkarounds:
Good Safety Communication

- Begin observation by talking with employees
- Try to begin with a positive comment (smile)
- Listen more than talk
- Ask questions to understand
- Always try to get to the underlying (error likely) issues
- If there are safety problems, focus on the solution, not blame
- Be helpful!

Much of communication is non-verbal
Focus on asking the right question; not having the right answer

“I know material handling is a challenge. What would you recommend to do this job better? How can I help?”

Feedback and Follow-up

- Provide feedback before leaving
- Be positive and specific – remember “soon, certain, and positive”
- Follow up on items agreed to
Walkaround – Imminent Danger Situations

During a walkaround, intervene if imminent danger exists!

• Keep calm
• Don’t make matters worse by:
  – startling the employee
  – discussing possible discipline
• In a calm voice, ask employee to stop work
• Show concern! Show respect! Ask questions!
• Get an agreement on how to safely perform the job
• Follow up if necessary

You have an obligation and the authority to stop work if imminent danger exists.

How Things Can Improve

Safety Shower and Emergency Eyewash
Key Elements of Safety Walkaround Program

1. **Planning** - objective, format, frequency, schedule, tools.

2. There is no “one” formula—
   - Observation, inspection, discussion or combination
   - By oneself, with coworkers, with safety coordinator, etc.

3. Focus on work behaviors **and** conditions.

4. Seek to understand “why” things are the way they are: what are the underlying reasons?

5. Utilize good communication skills: observe, listen, ask…

Remember – Be Positive

“John, I appreciate your use of high-contrast color clothing. It would have greatly helped to find you had you fallen in the water.”
Employment Practices Claims

What is an employment practices claim?
Acts of discrimination or harassment by employers against employees.

Is This an Employment Claim?
You develop a personal relationship with an employee and use your University computer to send e-mail messages to the co-worker.
You organize an impromptu gathering of department staff at a local park.
You have a discussion at the water cooler with your staff and share your views on racism, politics, religion, etc.

Verdicts

- $801,710 Amount awarded to plaintiff alleging discrimination and harassment based on race
- $1,100,000 Amount awarded to plaintiff based on harassment
- $2,100,000 Amount awarded to plaintiff alleging failure to accommodate his disability
Reported Lawsuits By Type As Of FY 2007

- Disability, 15
- Gender, 2
- Harassment, 9
- Race & National Origin, 5
- Wrongful Termination, 2
- Retaliation, 2
- Other, 19

TOTAL: 54 LAWSUITS

Focused Mission Results-Driven

1. Know the goal
2. Use the resources we have available now
3. Urgency – start today, measure how we progress, adjust as we go
4. OP Risk Services is here to serve you
MISSION: POSSIBLE
KNOW THE GOAL!

Risk Management Leadership Council

Council-sponsored workgroups:
- Camps
- Driver and Vehicle Safety
- Fine Arts
- Foundation & Support Groups
- Student Related Risks
- Information Technology
- Academic Personnel
- Volunteer Clinical Faculty.

Council-sponsored liaisons to systemwide workgroups
- Ergonomics
- Emergency Managers
- Fleet Managers
- Graduate Medical Education Committee
- Hazardous Waste Action Group
- Research Compliance Advisory Committee
- Sports Recreation
- Workers’ Compensation
- TRIPPS (Field Safety/Travel)
Enterprise Risk Management

- Participating in National Association of College and University Business Officers (NACUBO) ERM think-tank
- Contributed to ERM whitepaper published by University Risk Management and Insurance Association (URMIA) think-tank
- 8 locations have panels or groups addressing ERM issues: UCB, UCD, UCI, UCLA, UCM, UCR, UCSB, UCSDMC
- RFP completed for Risk Management Information System (RMIS)

Business Continuity Planning

- “Restarting UC”
  - Award-winning software tool for implementing a Business Continuity Program
  - Will be funded by UCOP and hosted by UCB
  - Available to all locations
  - Based on a core framework that is customizable for local needs
- UCOP will provide matching funding for staff to implement “Restarting UC” and expertise to support them
- Systemwide Emergency Planning and Business Continuity Panel to be formed
- Insurance carrier will commence a project to identify and calculate our business interruption exposure, which will allow UC to determine what additional funding and/or insurance is necessary.
Integrated Capital Asset Management Program

• Benefits
  – More than $1.25 million annually for deferred maintenance
  – At least $500 million in uninsured/unfunded Workers’ Compensation exposure
  – Benchmark and compare conditions across asset types
  – Provide Asset Life cycle data for effective facilities budgeting
  – Link maintenance costs to assets, systems, and components.
  – Provide risk analysis and other data systemwide
  – Reduce frequency and severity ($) of claims arising from deferred maintenance
  – Improve life safety for employees, students, and visitors
  – Improve UC’s reputation and position in the insurance marketplace

Learning Management System

• Software application designed to manage, track, and quantify all of the training, continuing education, employee development, and other learning activities that take place in an organization

• Benefits:
  – Common platform with consistent functionality and reporting tools for compliance and audits
  – Ability to customize learning plans for different job functions
  – Reduction in FTE hours required to handle administration, tracking, and reporting of training
  – Automated notifications of training requirements, recertification, and other recurring scheduled training events
  – Training history (transcript) available to staff
  – Competency, career development, assessment, and management tools
Travel, Risk, Insurance, Planning Safety System

• Gathers data for Risk Managers and insurance underwriters to more accurately assess UC travel risk

• Encourages field trip organizers to use Best Practices to increase safety in the field