



OFFICE OF RISK SERVICES—
DEPUTY CHIEF RISK OFFICER

OFFICE OF THE PRESIDENT
1111 Franklin Avenue, 10th Floor
Oakland, California 94607-5200

May 20, 2020

Subject: 2020-21 Risk Services Program Premium Schedules

Dear Colleagues,

Please find the attached FY 2020-21 Premium Schedules for the Risk Services programs including but not limited to:

- Workers' Compensation
- General, Auto (liability & physical damage), and Employment Practices Liability
- Property
- Cyber
- Professional Liability

The University's Workers' Compensation program continues to trend positively and remains stable as our systemwide base funding rate decreased to \$1.10 per \$100 of payroll compared to last year's rate of \$1.12.

In last year's funding letter we announced the closeout of our legacy workers' compensation program and subsequent transition from our traditional banking model to an improved financial model with the University's captive insurance company, Fiat Lux. As a result, we are now in year two of the plan to return location rebates through rate reductions (scheduled for one to five years) and collection of location deficit payments through minimal rate increases over an extended period of time (scheduled for one to seven years). Over the term of this plan, we will realize rate reductions totaling \$19.7 MM and deficit forgiveness of \$43.9 MM. Our ability to provide this relief is a direct result of our transition to Fiat Lux.

The University's premium for all programs excluding Workers Compensation and Be Smart About Safety (BSAS) is projected to be \$260M, a 10.6% increase over 2019-2020. This upcoming year is expected to be challenging for a variety of reasons including the hardening of the insurance market, diminishing insurance capacity, increasing exclusions, and unknown effects of the COVID-19 crisis. In recognition of these challenges and to provide rate assistance, Fiat Lux is providing these programs a one-time subsidy of \$7.4MM. This subsidy allows us to cap our increase to 10.6% and is not expected to be repaid in future years.

Within these non-workers' compensation programs, the General, Employment and Auto liability premiums experienced increases of 20%, 16%, and 10% respectively. Our increase in claim severity is directly impacting our loss rates. Unfortunately, we continue to be impacted by the cultural & societal trends like #MeToo and others related to Title IX issues. Furthermore, a trend of higher settlements and an increase in multi-plaintiff/batch claims continues to negatively impact our program. To stabilize financial performance and future premium rates, we are

raising our General, Employment and Auto liability premium confidence levels from 65% to 75% over the next two years (5% increase each year).

The Property premium realized a minor increase of 5%. This minor increase is driven by a change in confidence level. To also stabilize financial performance and future premium rates in the Property program, we are raising our confidence level from 65% to 75%.

The Professional Medical and Hospital liability premium had a minor increase of 4%. This increase was primarily driven by a 6% growth in exposures.

The Cyber premium remains flat compared to last year.

Although the University is facing many challenges and uncertainties as a result of a financially distressed insurance market and yet to be determined effects of the COVID-19 crisis, the greatest effect we can have on our insurance program is to control our own experience through the prevention of losses. Our loss prevention efforts are most effective when developed from individual location loss analysis to identify and respond to those areas producing the greatest loss and potential liability. The BSAS program continues to be an integral component of those loss prevention efforts and we eagerly await receipt of your FY20/21 BSAS applications for all lines of coverage.

As always, we look forward to continuing to partner with you and your teams and Fiat Lux to further reduce the University's cost of risk and create a safe environment for our students, faculty, staff, and the public.

Individual location reports will be sent to your risk manager and workers' compensation manager under separate cover.

As always, if you have any questions, please do not hesitate to contact me or Gabby Jung, Director, Operations and Risk Finance (510.587.6288)

Sincerely,

Kevin Confetti

Kevin Confetti
Deputy Chief Risk Officer
Risk Services website: <http://www.ucop.edu/risk-services/index.html>

cc: Vice Chancellors for Administration
Medical School Deans
Health System Directors
Health System Finance Directors
Student Health Center Directors
Executive Vice President Jenny
Executive Vice President Byington
Executive Vice President Nava
Interim Vice President, Lloyd
Associate Vice President Alcocer
Associate Vice President Arrivas
Associate Vice President Nation
Chief Medical Officers

OP Budget Executive Director Baltaxe
OP Budget Director Goode
Chief of Staff to the CFO Werdick
Director Satorre
Accounting Supervisor Tam
Director Pires
Manager Barrett
Manager Ruiz
Analyst Espinoza
Executive Director Claflin
Executive Director Leonard
Executive Director Smith
Director Bhatia

Budget Directors
Planning & Budget Officers
Campus/Health Controllers
Environment Health & Safety Directors
Accounting Managers
Payroll Managers
Campus & Health Risk Managers
Workers' Compensation Managers

Director Jung
Program Manager Burley
Program Manager DeBortoli
Program Manager Gustavson
Program Manager Lillington
Program Manager Quijano

Attachments (6)

**UNIVERSITY OF CALIFORNIA
WORKERS' COMPENSATION PROGRAM
2020/2021 Premiums**

LOCATION	2020/21 Funding Premiums	Accrual Funding ⁽¹⁾ All Fund Sources		Be Smart About Safety ⁽²⁾ All Fund Sources			Total Projected Premium	Closeout of 6/30/16 Legacy Rate Reduction or Deficit Funding Year 2 ⁽³⁾ All Fund Sources		2020/2021 Combined Total	
		Rate/\$100 of Payroll	Premium \$	Rate/\$100 of Payroll	Premium \$	Total Rate		Rate Adj/\$100 of Payroll	Total Adjustment	Total Rate	Total Premium \$
Berkeley	18,648,000	1.21	16,966,000	0.12	1,682,000	1.33	18,648,000	0.07	936,000	1.40	19,584,000
ANR-Berkeley	141,000	1.21	128,000	0.12	13,000	1.33	141,000	0.07	7,000	1.40	148,000
Davis	12,846,000	0.75	11,750,000	0.07	1,096,000	0.82	12,846,000	0.03	501,000	0.85	13,347,000
ANR-Davis	833,000	0.75	762,000	0.07	71,000	0.82	833,000	0.03	33,000	0.85	866,000
Davis MC	11,342,000	1.03	10,338,000	0.10	1,004,000	1.13	11,342,000	0.00	-	1.13	11,342,000
Irvine	5,795,000	0.46	5,227,000	0.05	568,000	0.51	5,795,000	(0.04)	(489,000)	0.47	5,306,000
ANR-Irvine	2,000	0.46	2,000	0.05	-	0.51	2,000	(0.04)	-	-	-
Irvine MC	6,663,000	1.31	5,938,000	0.16	725,000	1.47	6,663,000	0.00	-	1.47	6,663,000
Los Angeles	32,312,000	0.98	29,873,000	0.08	2,439,000	1.06	32,312,000	0.04	1,079,000	1.10	33,391,000
Los Angeles MC	28,577,000	2.47	27,148,000	0.13	1,429,000	2.60	28,577,000	0.00	-	2.60	28,577,000
Los Angeles NPH	878,000	1.70	758,000	0.27	120,000	1.97	878,000	0.00	-	1.97	878,000
Merced	1,598,000	0.90	1,483,000	0.07	115,000	0.97	1,598,000	0.06	104,000	1.03	1,702,000
Riverside	4,072,000	0.75	3,635,000	0.09	437,000	0.84	4,072,000	0.07	308,000	0.91	4,380,000
ANR-Riverside	189,000	0.75	169,000	0.09	20,000	0.84	189,000	0.07	48,000	0.91	237,000
San Diego Campus	13,615,000	0.66	12,656,000	0.05	959,000	0.71	13,615,000	0.00	-	0.71	13,615,000
San Diego MC	13,111,000	1.43	12,096,000	0.12	1,015,000	1.55	13,111,000	0.00	-	1.55	13,111,000
San Francisco Campus	13,460,000	0.61	12,440,000	0.05	1,020,000	0.66	13,460,000	(0.04)	(723,000)	0.62	12,737,000
San Francisco MC	24,030,000	1.67	22,171,000	0.14	1,859,000	1.81	24,030,000	0.00	-	1.81	24,030,000
San Francisco LPPI	361,000	1.23	319,000	0.16	42,000	1.39	361,000	0.00	-	1.39	361,000
Santa Barbara	6,213,000	0.97	5,685,000	0.09	528,000	1.06	6,213,000	(0.11)	(623,000)	0.95	5,590,000
Santa Cruz	4,110,000	0.90	3,627,000	0.12	483,000	1.02	4,110,000	(0.07)	(283,000)	0.95	3,827,000
Office of the President	1,002,000	0.35	855,000	0.06	147,000	0.41	1,002,000	0.02	49,000	0.43	1,051,000
ANR-OP	15,000	0.35	13,000	0.06	2,000	0.41	15,000	0.02	1,000	0.43	16,000
Lawrence Berkeley Lab	2,448,000	0.60	2,448,000	0.00	-	0.60	2,448,000	(0.18)	(745,000)	0.42	1,703,000
TOTAL	202,261,000		186,487,000		15,774,000		202,261,000		203,000		202,462,000

⁽¹⁾ Record as Workers' Compensation expense with object code 8500.

⁽²⁾ Separate premiums for the "Be Smart About Safety" Program. To be classified as a fund balance transfer to UCOP as outlined in the "Be Smart About Safety" document (excludes labs).

⁽³⁾ Workers' Compensation Closeout of Legacy Program for the period 4/1/1980 to 6/30/2016 prior to transferring liabilities to the University's Captive - Fiat Lux

**GENERAL LIABILITY (GL) &
EMPLOYMENT PRACTICES LIABILITY (EPL) PROGRAMS
2020/21 PREMIUM SCHEDULE**

	PREMIUM				PREMIUM			GL & EPL Premium ₍₃₎
	General Liability Premium	Sexual Misconduct Premium	BSAS ₍₁₎	Total	Employment Practices Liability			
					Premium	BSAS ₍₁₎	Total ₍₂₎	
Berkeley	\$ 6,553,000	\$ 656,000	\$ 266,000	\$ 7,475,000	\$ 4,841,000	\$ 307,000	\$ 5,148,000	\$ 12,623,000
Davis	2,803,000	281,000	114,000	3,198,000	4,586,000	291,000	4,877,000	8,075,000
UC Davis Health	881,000	231,000	38,000	1,150,000	4,614,000	301,000	4,915,000	6,065,000
Irvine Campus	1,499,000	150,000	61,000	1,710,000	4,387,000	278,000	4,665,000	6,375,000
UCI Health	549,000	144,000	24,000	717,000	2,874,000	188,000	3,062,000	3,779,000
Los Angeles Campus	9,623,000	963,000	390,000	10,976,000	14,452,000	917,000	15,369,000	26,345,000
UCLA Health	1,994,000	522,000	87,000	2,603,000	3,328,000	217,000	3,545,000	6,148,000
UCLA Santa Monica	17,000	5,000	1,000	23,000	32,000	2,000	34,000	57,000
UCLA NPH	67,000	17,000	3,000	87,000	136,000	9,000	145,000	232,000
Merced Campus	178,000	18,000	7,000	203,000	555,000	35,000	590,000	793,000
Riverside Campus	1,132,000	113,000	46,000	1,291,000	2,143,000	136,000	2,279,000	3,570,000
San Diego Campus	2,902,000	290,000	118,000	3,310,000	2,369,000	150,000	2,519,000	5,829,000
UC San Diego Health	689,000	181,000	30,000	900,000	4,413,000	288,000	4,701,000	5,601,000
San Francisco Campus	4,213,000	422,000	171,000	4,806,000	6,960,000	442,000	7,402,000	12,208,000
UCSF Health	1,333,000	349,000	58,000	1,740,000	2,799,000	183,000	2,982,000	4,722,000
UCSF LPPI	18,000	5,000	1,000	24,000	30,000	2,000	32,000	56,000
Santa Barbara	3,071,000	307,000	124,000	3,502,000	2,541,000	161,000	2,702,000	6,204,000
Santa Cruz	1,196,000	120,000	48,000	1,364,000	579,000	37,000	616,000	1,980,000
Office of the President	327,000	33,000	13,000	373,000	1,092,000	69,000	1,161,000	1,534,000
ANR	420,000	42,000	17,000	479,000	311,000	20,000	331,000	810,000
GRAND TOTAL	<u>\$39,465,000</u>	<u>\$4,849,000</u>	<u>\$1,617,000</u>	<u>\$45,931,000</u>	<u>\$ 63,042,000</u>	<u>\$ 4,033,000</u>	<u>\$ 67,075,000</u>	<u>\$ 113,006,000</u>

(1) [BSAS-Be Smart About Safety Loss Prevention Program](#)

(2) The Premium includes funding to cover Non-Litigated Employment Practices Liability claims.

(3) Allocation is based upon actuarial methodology. Total premium of the annual cost for general liability and employment practices liability for the fiscal year.

UNIVERSITY OF CALIFORNIA
PROPERTY PROGRAM PREMIUM SCHEDULE
Fiscal Year 2020/21

<u>Location</u>	Property Premium ⁽¹⁾	Crime/Fidelity Premium	Environmental Premium	Equipment Breakdown Prem.	Be Smart About Safety ⁽²⁾	Total Premium ⁽³⁾
Berkeley	\$ 6,170,000	\$ 306,000	\$ 80,000	\$ 52,000	\$ 275,000	\$ 6,883,000
Davis	6,011,000	298,000	78,000	51,000	268,000	6,706,000
UC Davis Health						Incl. in Campus
Irvine	4,128,000	205,000	54,000	35,000	184,000	4,606,000
UCI Health						Incl. in Campus
Los Angeles	9,449,000	469,000	123,000	80,000	422,000	10,543,000
UCLA Health						Incl. in Campus
Merced	1,152,000	57,000	15,000	10,000	51,000	1,285,000
Riverside	1,423,000	71,000	18,000	12,000	63,000	1,587,000
San Diego	8,107,000	402,000	105,000	69,000	362,000	9,045,000
UC San Diego Health						Incl. in Campus
San Francisco	4,776,000	237,000	62,000	40,000	213,000	5,328,000
UCSF Health						Incl. in Campus
Santa Barbara	2,176,000	108,000	28,000	18,000	97,000	2,427,000
Santa Cruz	2,788,000	138,000	36,000	24,000	124,000	3,110,000
Office of the President	374,000	19,000	5,000	3,000	17,000	418,000
ANR	-	-		-	<i>Incl. in various locations</i>	
Total	\$46,554,000	\$ 2,310,000	\$ 604,000	\$ 394,000	\$ 2,076,000	\$51,938,000

(1) Property Program includes premiums/coverage for Parametric Earthquake insurance.

(2) [BSAS-Be Smart About Safety Loss Prevention Program](#)

(3) Allocation is based upon actuarial methodology.

**AUTOMOBILE PROGRAM
2020/21 PREMIUM SCHEDULE**

	PREMIUM			PREMIUM			Auto Liability & Auto Phys. Damage Premium ⁽²⁾
	Automobile Liability (AL)			Automobile Physical Damage (APD)			
	Premium	BSAS ⁽¹⁾	Total	Premium	BSAS ⁽¹⁾	Total	
Berkeley	\$ 1,132,000	\$ 54,000	\$ 1,186,000	\$ 121,000	\$ 8,000	\$ 129,000	\$ 1,315,000
Davis	2,082,000	98,000	2,180,000	465,000	32,000	497,000	2,677,000
Irvine	571,000	27,000	598,000	121,000	8,000	129,000	727,000
Los Angeles	2,099,000	99,000	2,198,000	295,000	21,000	316,000	2,514,000
Merced	168,000	8,000	176,000	36,000	3,000	39,000	215,000
Riverside	512,000	24,000	536,000	119,000	8,000	127,000	663,000
San Diego	1,743,000	82,000	1,825,000	237,000	17,000	254,000	2,079,000
San Francisco	1,822,000	86,000	1,908,000	146,000	10,000	156,000	2,064,000
Santa Barbara	361,000	17,000	378,000	60,000	4,000	64,000	442,000
Santa Cruz	395,000	19,000	414,000	155,000	11,000	166,000	580,000
Office of the Pres.	4,000	-	4,000	2,000	-	2,000	6,000
ANR	<u>132,000</u>	<u>6,000</u>	<u>138,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>143,000</u>
GRAND TOTAL	<u>\$ 11,021,000</u>	<u>\$ 520,000</u>	<u>\$11,541,000</u>	<u>\$1,762,000</u>	<u>\$122,000</u>	<u>\$1,884,000</u>	<u>\$ 13,425,000</u>

(1) [BSAS-Be Smart About Safety Loss Prevention Program](#)

(2) Allocation is based upon actuarial methodology. Total premium of the annual cost for the program for the fiscal year.

**UNIVERSITY OF CALIFORNIA
CYBER LIABILITY PREMIUM SCHEDULE
Fiscal Year 2020/21**

<u>Location</u>	<u>Cyber Premium</u>
Berkeley	\$ 1,052,000
Davis	450,000
UC Davis Health	555,000
Irvine Campus	241,000
UCI Health	346,000
Los Angeles Campus	1,544,000
UCLA Health	1,256,000
UCLA Santa Monica	11,000
UCLA NPH	42,000
Merced Campus	29,000
Riverside Campus	182,000
San Diego Campus	466,000
UC San Diego Health	434,000
San Francisco Campus	676,000
UCSF Health	840,000
UCSF LPPI	12,000
Santa Barbara	493,000
Santa Cruz	192,000
Office of the President	52,000
ANR	<u>67,000</u>
GRAND TOTAL	\$ 8,940,000

(1) Allocation is based upon actuarial methodology.

Includes insurance premiums, uninsured direct costs, and loss prevention.

**PROFESSIONAL MEDICAL & HOSPITAL LIABILITY
2020/2021 PREMIUM SCHEDULE**

		Premium ⁽¹⁾
Berkeley	Student Health Services	\$ 168,924
Berkeley	CAPS	-
Berkeley	School of Optometry	<u>57,330</u>
	Total	226,254
Davis	School of Medicine	5,652,338
Davis	Medical Center	<u>5,652,338</u>
	Subtotal	11,304,676
Davis	Student Health Services	101,840
Davis	CAPS	-
Davis	Veterinary	<u>73,133</u>
	Total	11,479,649
Irvine	School of Medicine	4,759,687
Irvine	Medical Center	<u>4,759,687</u>
	Subtotal	9,519,374
Irvine	Student Health Services	52,600
Irvine	CAPS	<u>14,600</u>
	Total	9,586,574
Los Angeles	School of Medicine	11,238,374
Los Angeles	School of Nursing	16,664
Los Angeles	Medical Center	11,238,374
Los Angeles	Santa Monica	3,451,554
Los Angeles	Neuropsychiatric Inst.	<u>760,640</u>
	Subtotal	26,705,606
Los Angeles	Student Health Services	147,000
Los Angeles	CAPS	<u>52,900</u>
	Total	26,905,506
Merced	Student Health Services	10,400
Merced	CAPS	<u>5,200</u>
	Student Health Center	15,600
Riverside	School of Medicine	481,451
Riverside	Student Health Services	38,300
Riverside	CAPS	<u>8,300</u>
	Total	528,051
San Diego	School of Medicine	6,317,898
San Diego	Rady's Hospitals	2,503,466
San Diego	Medical Center	<u>6,317,898</u>
	Subtotal	15,139,262
San Diego	Student Health Services	63,700
San Diego	CAPS	<u>25,300</u>
	Total	15,228,262
San Francisco	School of Medicine	5,463,242
San Francisco	School of Nursing	9,000
San Francisco	Dental School	185,000
San Francisco	Affiliated Hospitals-Other	1,230,000
San Francisco	Fresno	2,991,000
San Francisco	SF General	2,804,000
San Francisco	Medical Center	5,463,242
San Francisco	Langley Porter Institute	<u>87,000</u>
	Subtotal	18,232,484
San Francisco	Student Health Services	13,000
San Francisco	CAPS	<u>-</u>
	Total	18,245,484
Santa Barbara	Student Health Services	76,100
Santa Barbara	CAPS	<u>23,700</u>
	Total	99,800
Santa Cruz	Student Health Services	53,800
Santa Cruz	CAPS	<u>-</u>
	Total	53,800
GRAND TOTAL		<u>\$ 82,370,000</u>

[\(1\) Generally based on the "Medical Malpractice Guidelines"](#)