

UNIVERSITY OF CALIFORNIA

BERKELEY • DAVIS • IRVINE • LOS ANGELES • MERCED • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

OFFICE OF RISK SERVICES—
ASSOCIATE VICE PRESIDENT & CHIEF RISK OFFICER

OFFICE OF THE PRESIDENT
1111 Franklin Avenue, 6th Floor
Oakland, California 94607-5200

April 3, 2025

Dear Colleagues,

Please find the attached FY 2025-26 Premium Schedules for the Risk Services programs including, but not limited to the following lines of coverage:

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

Insurance Market

With unknown domestic policy changes, resulting international retort and uncertainty in how the capital markets will respond, the commercial insurance market is poised for disruption in 2025 and beyond. Adding to potential policy and market volatility are the recent tragic LA wildfires which are projected to result in more than \$28 billion in insured losses and the continuing national trend of unexpected "nuclear" verdicts across multiple lines of insurance. In response, the University will continue to leverage the strength of its captive, Fiat Lux, to explore alternative risk financing opportunities and coverage options to best ensure cost efficiency and effective protection of the University.

The Risk Services team continues to work diligently with our systemwide colleagues to develop innovative risk prevention and mitigation solutions for FY 2025-26 that will further protect our campuses, medical centers, labs and all other UC affiliates as they strive to support the mission of the University.

Premium Rate Methodology

As a reminder, the University's insurance rates are determined by independent actuaries. The funding rates, established by individual lines of insurance, are calculated by using a location's discrete exposure and loss performance (based on a five-year claim history) with a blending of the University's total aggregate loss experience.

Insurance Programs:

Workers' Compensation (WC)

The University's Workers' Compensation program remains relatively consistent in terms of claims frequency over the last five years. However, the inventory of open claims and the rise of medical costs as a percentage of overall

claims expenses, continue to trend upwards over the same five-year period. To address these increases, in conjunction with our Third-Party Administrator, Sedgwick, we have implemented a program specifically focused on the review and reduction of our existing claim inventory. To address medical cost increases, we have initiated an RFP for Managed Care services with the goal of implementing a more cohesive and integrated program to produce more effective outcomes and cost efficiency.

While the funding for 2025-26 has increased by \$14MM, driven mostly by the increase in exposure projections, the funding rate remained flat at \$1.08 per \$100 of payroll.

As reported in prior funding letters the premium amount does not include the accounting of the continued closeout of our legacy workers' compensation program and transition from our traditional banking model to the University's captive insurance company, Fiat Lux. As a reminder, we are now in the final year of the seven-year closeout plan that in total, provides rate reductions of \$19.7 MM and deficit forgiveness of \$43.9 MM.

General Liability (GL)

Due to decreases in projected loss funding and excess insurance costs, the rate per FTE and total funding for 2025-2026 decreased year over year. The realized decrease was muted by the annual installment of the ten-year repayment plan for the Heaps matter which is included in the GL rate calculation. Absent the Heaps repayment plan, the program costs decreased by 7.8%.

Employment Practices Liability (EPL)

Primarily driven by adverse loss experience, increased litigation costs, and several unfavorable jury verdicts; the EPL program required a premium increase of \$4.6MM. Although requiring a premium increase, the overall rate per FTE decreased by 1.1% due to an increase in the exposure base for this program.

Sexual Misconduct Liability (SML)

As with prior years, this coverage is provided directly by our captive, Fiat Lux, which remains our only option given the lack of alternatives in the commercial insurance market. The SML program funding rate decreased by 10% over the prior year, equating to an overall premium decrease of \$1MM.

Auto (AL & APD)

Although the AL program experienced a small number of significant large losses, an improvement in overall programmatic losses and a decrease in program related expenses led to a 10% funding rate decrease.

Property

The University's continued focus on providing additional student housing and hospital construction, as well as recent acquisition activity, continues to add new buildings to our property schedule and increases our exposure in this area. Although our property insurance rate remains relatively flat compared to last year (1.3% increase), the 2025-2026 premium will increase by 8.6% over last year due to an increase in loss development and our total insurable values systemwide.

Cyber

Cyber premiums are decreasing by 2% compared to last year. This reduction is due largely to a reduction in program expenses, as we are still forecasting a 6% increase in ultimate losses.

Professional Liability (PL)

Nationwide the PL market is experiencing rising costs and increased severity of claims, with premiums increasing and insurers facing challenges, indicating the lead up to another potential "hard market". The University's PL program is not immune to these cost pressures and when coupled with our substantial increase in exposure (50%+ increase in bed capacity through acquisition) and the growing impact of California specific MICRA reform, leads to an overall premium increase of 36%.

While we understand the systemwide cost of insurance continues to increase, it is not without a commensurate increase in our commitment to continually evaluate our insurance structure and financing strategy to ensure we

provide the University maximum value in its insurance funding and protection of its human, intellectual, and property assets.

We also continue to focus on our ability to affect our own loss experience through claim prevention and mitigation of losses. Our loss prevention and mitigation 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 Be Smart About Safety program continues to be an integral component of those loss prevention and mitigation efforts. Our Risk Services team is here to support you in your efforts and encourage all of you to ensure your location is taking full advantage of the funding provided by these risk management and safety programs.

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 campus and medical center risk manager and workers' compensation manager, separately.

If you have any questions, please do not hesitate to contact myself, Mark Field, Deputy Chief Risk Officer (mark.field@ucop.edu) or Gabby Jung, Director, Operations and Risk Finance (gabby.jung@ucop.edu).

Sincerely,



Kevin Confetti
Associate Vice President & Chief Risk Officer

Vice Chancellors for Administration
Executive Vice President Brostrom
Executive Vice President Nava
Executive Vice President Rubin
Vice President Lloyd
Associate Vice President Cevallos
Associate Vice President Diaz
Associate Vice President McRae
Associate Vice President Nelson
Campus/Health Controllers
Controller Festa
Deputy Chief Risk Officer Field
Chief of Staff to the CFO Werdick
Chief of Staff to the CRO Jung
Chief of Staff to the Controller Villasenor
Executive Director Baltaxe
Executive Director Hsi
Executive Director Leonard
Executive Director Lillington
Executive Director Smith
Budget Directors
Planning & Budget Officers
Director Black
Director Foster

Director Goode
Director Muehe
Director Parker
Director Satorre
Director Snyder
Environment Health & Safety Directors
Health System Finance Directors
Accounting Managers
Campus & Health Risk Managers
Payroll Managers
Program Manager Burley
Program Manager DeBortoli
Program Manager Goodrich
Program Manager Gustavson
Program Manager Zee Williams
Workers' Compensation Managers
Manager Aiono
Manager Lautz
Manager Ruiz
Analyst Espinoza
Analyst Harrington
Accountant Lopez
Accountant Thai

Attachments (4)

UC Campus FY2025-26 Total Funding Including BSAS (\$000s)

	WC Rate	WC	HPL	AL	APD	EPL	GL Excl Heaps	GL Heaps	SML	Cyber	PR	Crime	Env	EB	Total
UCB Campus	1.06	17,326	336	1,013	308	6,054	8,308	4,230	2,315	3,284	14,125	619	110	60	58,089
UCD Campus	0.89	16,807	317	2,689	626	6,665	3,331	3,692	928	1,347	10,000	438	78	43	46,959
UCI Campus	0.58	8,646	145	528	136	4,456	4,578	2,647	1,276	1,832	7,842	316	60	33	32,493
UCI Fountain Valley	-	-	-	6	4	-	-	-	-	-	529	18	7	4	567
UCI Lakewood	-	-	-	4	3	-	-	-	-	-	470	14	6	3	501
UCI Los Alamitos	-	-	-	4	2	-	-	-	-	-	573	19	7	4	609
UCI Placentia Linda	-	-	-	2	1	-	-	-	-	-	245	10	3	2	263
UCI	0.58	8,646	145	543	146	4,456	4,578	2,647	1,276	1,832	9,660	377	83	46	34,433
UCLA Campus	0.78	31,264	379	3,129	579	22,631	12,485	8,522	3,479	4,910	14,720	643	114	63	102,915
UCLA West Valley	-	-	-	7	4	-	-	-	-	-	657	22	8	5	702
UCLA West Hills Surgery Center	-	-	-	1	-	-	-	-	-	-	37	1	1	-	40
UCLA	0.78	31,264	379	3,136	583	22,631	12,485	8,522	3,479	4,910	15,414	666	123	68	103,657
UCM Campus	1.18	2,582	33	146	41	1,059	328	466	91	178	3,316	145	26	14	8,424
UCR Campus	1.00	5,800	97	475	180	4,599	2,007	1,363	559	831	2,498	109	19	11	18,549
UCSD Campus	0.65	16,156	148	1,760	491	3,327	3,807	3,814	1,061	1,532	13,897	588	108	59	46,747
UCSD East Campus	-	-	-	2	2	-	-	-	-	-	1,229	43	16	9	1,299
UCSD	0.65	16,156	148	1,761	492	3,327	3,807	3,814	1,061	1,532	15,125	631	123	68	48,046
UCSF Campus	0.53	13,052	24	1,015	136	7,195	2,499	4,016	696	1,023	9,006	370	69	38	39,140
UCSF Saint Francis Memorial Hospital	-	-	-	3	1	-	-	-	-	-	725	24	9	5	767
UCSF St. Mary's Medical Center	-	-	-	3	1	-	-	-	-	-	887	30	11	6	939
UCSF BCH Oakland	-	-	-	25	6	-	-	-	-	-	707	21	6	4	767
UCSF	0.53	13,052	24	1,046	144	7,195	2,499	4,016	696	1,023	11,325	445	96	53	41,614
UCSB Campus	1.15	7,672	187	441	124	5,335	2,509	1,832	699	1,027	5,401	237	42	23	25,528
UCSC Campus	1.05	5,553	110	467	276	1,879	2,482	1,183	692	1,016	8,843	387	69	38	22,995
Office of the President	0.48	1,333	-	3	1	2,195	1,482	537	413	627	410	18	3	2	7,024
ANR Campus	0.89	829	-	159	18	238	434	344	121	219	-	-	-	-	2,363
LBNL Campus	0.37	2,153	6	-	-	-	-	-	-	-	-	-	-	-	2,159
Total		129,171	1,781	11,879	2,938	65,632	44,250	32,646	12,330	17,825	96,117	4,072	772	425	419,840
Subtotal w/o Acquisitions		129,171	1,781	11,850	2,920	65,632	44,250	32,646	12,330	17,825	90,765	3,891	704	388	414,153
Subtotal Acquisitions		-	-	30	19	-	-	-	-	-	5,352	181	68	37	5,687

Note: WC Rate and Funding include the 6/30/16 Legacy WC Rate and Funding

UC Campus FY2025-26 BSAS Funding (\$000s)

	WC Rate	WC	HPL	AL	APD	EPL	GL Excl Heaps	GL Heaps	SML	Cyber	PR	Crime	Env	EB	Total
UCB Campus	0.10	1,638	7	61	21	386	392	-	-	50	820	-	-	-	3,376
UCD Campus	0.06	1,133	4	162	42	425	157	-	-	50	581	-	-	-	2,554
UCI Campus	0.04	596	3	32	9	284	216	-	-	50	455	-	-	-	1,646
UCI Fountain Valley	-	-	-	1	-	-	-	-	-	-	49	-	-	-	49
UCI Lakewood	-	-	-	-	-	-	-	-	-	-	43	-	-	-	44
UCI Los Alamitos	-	-	-	-	-	-	-	-	-	-	53	-	-	-	53
UCI Placentia Linda	-	-	-	-	-	-	-	-	-	-	23	-	-	-	23
UCI	0.04	596	3	33	10	284	216	-	-	50	623	-	-	-	1,815
UCLA Campus	0.06	2,405	8	189	39	1,442	589	-	-	50	855	-	-	-	5,577
UCLA West Valley	-	-	-	1	-	-	-	-	-	-	60	-	-	-	61
UCLA West Hills Surgery Center	-	-	-	-	-	-	-	-	-	-	3	-	-	-	3
UCLA	0.06	2,405	8	190	39	1,442	589	-	-	50	919	-	-	-	5,642
UCM Campus	0.05	110	1	9	3	68	15	-	-	50	193	-	-	-	447
UCR Campus	0.08	463	2	29	12	293	95	-	-	50	145	-	-	-	1,089
UCSD Campus	0.04	994	3	106	33	212	180	-	-	50	807	-	-	-	2,385
UCSD East Campus	-	-	-	-	-	-	-	-	-	-	113	-	-	-	113
UCSD	0.04	994	3	106	33	212	180	-	-	50	920	-	-	-	2,499
UCSF Campus	0.04	985	1	61	9	459	118	-	-	50	523	-	-	-	2,206
UCSF Saint Francis Memorial Hospital	-	-	-	-	-	-	-	-	-	-	67	-	-	-	67
UCSF St. Mary's Medical Center	-	-	-	-	-	-	-	-	-	-	82	-	-	-	82
UCSF BCH Oakland	-	-	-	1	-	-	-	-	-	-	44	-	-	-	46
UCSF	0.04	985	1	63	10	459	118	-	-	50	716	-	-	-	2,401
UCSB Campus	0.08	534	4	27	8	340	118	-	-	50	314	-	-	-	1,395
UCSC Campus	0.09	476	2	28	19	120	117	-	-	50	514	-	-	-	1,326
Office of the President	0.06	167	-	-	-	140	70	-	-	50	24	-	-	-	451
ANR Campus	0.06	56	-	10	1	15	21	-	-	50	-	-	-	-	152
LBNL Campus	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		9,557	35	718	197	4,183	2,089	-	-	600	5,768	-	-	-	23,147
Subtotal w/o Acquisitions		9,557	35	715	196	4,183	2,089	-	-	600	5,275	-	-	-	22,650
Subtotal Acquisitions		-	-	3	1	-	-	-	-	-	493	-	-	-	497

UC Health System FY2025-26 Total Funding Including BSAS (\$000s)

	WC Rate	WC	HPL	AL	APD	EPL	GL Excl Heaps	GL Heaps	SML	Cyber	PR	Crime	Env	EB	Total
UCD Med Ctr	0.93	13,731	13,204	-	-	5,782	992	2,937	656	1,424	-	-	-	-	38,726
UCD School of Medicine	0	-	13,204	-	-	-	-	-	-	-	-	-	-	-	13,204
UCD	0	13,731	26,409	-	-	5,782	992	2,937	656	1,424	-	-	-	-	51,930
UCI Med Ctr	2.50	16,523	10,949	-	-	4,986	494	1,642	327	735	-	-	-	-	35,657
UCI School of Medicine	0	-	10,949	-	-	-	-	-	-	-	-	-	-	-	10,949
UCI Fountain Valley	3.09	4,352	3,187	-	-	1,257	389	-	248	532	-	-	-	-	9,965
UCI Lakewood	3.09	3,247	1,951	-	-	936	290	-	186	397	-	-	-	-	7,007
UCI Los Alamitos	3.09	3,052	2,185	-	-	881	273	-	174	373	-	-	-	-	6,938
UCI Placentia Linda	3.09	1,377	1,023	-	-	397	123	-	79	169	-	-	-	-	3,167
UCI	0	28,551	30,244	-	-	8,457	1,569	1,642	1,015	2,207	-	-	-	-	73,684
UCLA School of Medicine	0	-	26,949	-	-	-	-	-	-	-	-	-	-	-	26,949
UCLA Ronald Reagan	1.99	27,083	12,466	-	-	9,566	2,179	3,632	1,441	3,060	-	-	-	-	59,427
UCLA Santa Monica	0	-	5,592	-	-	268	65	51	43	99	-	-	-	-	6,118
UCLA Resnick	1.78	884	289	-	-	175	61	109	40	86	-	-	-	-	1,644
UCLA School of Nursing	0	-	19	-	-	-	-	-	-	-	-	-	-	-	19
UCLA West Valley	1.99	2,280	3,354	-	-	1,886	402	-	384	795	-	-	-	-	9,102
UCLA West Hills Surgery Center	1.99	146	189	-	-	107	23	-	21	45	-	-	-	-	530
UCLA	0	30,392	48,859	-	-	12,002	2,731	3,792	1,930	4,084	-	-	-	-	103,790
UCR	0	-	1,173	-	-	-	-	-	-	-	-	-	-	-	1,173
UCSD Med Ctr	1.54	17,173	13,256	-	-	6,439	1,749	2,337	1,156	2,473	-	-	-	-	44,583
UCSD School of Medicine	0	-	13,256	-	-	-	-	-	-	-	-	-	-	-	13,256
UCSD East Campus	1.54	979	1,682	-	-	902	189	-	183	379	-	-	-	-	4,314
UCSD Rady	0	-	4,490	-	-	-	-	-	-	-	-	-	-	-	4,490
UCSD	0	18,152	32,684	-	-	7,340	1,938	2,337	1,339	2,852	-	-	-	-	66,643
UCSF Med Ctr	1.58	31,084	15,611	-	-	3,316	1,197	2,734	792	1,709	-	-	-	-	56,443
UCSF School of Medicine	0	-	15,611	-	-	-	-	-	-	-	-	-	-	-	15,611
UCSF School of Nursing	0	-	27	-	-	-	-	-	-	-	-	-	-	-	27
UCSF Affiliated Hospitals-Other	0	-	3,508	-	-	-	-	-	-	-	-	-	-	-	3,508
UCSF Dental School	0	-	271	-	-	-	-	-	-	-	-	-	-	-	271
UCSF Langley Porter Institute	1.79	214	40	-	-	23	12	17	8	17	-	-	-	-	331
UCSF Fresno	0	-	6,714	-	-	-	-	-	-	-	-	-	-	-	6,714
UCSF Zuckerberg	0	-	7,547	-	-	-	-	-	-	-	-	-	-	-	7,547
UCSF Saint Francis Memorial Hospital	3.51	3,248	511	-	-	1,502	167	-	159	335	-	-	-	-	5,922
UCSF St. Mary's Medical Center	3.51	3,239	518	-	-	1,497	165	-	159	334	-	-	-	-	5,913
UCSF BCH Oakland	2.04	6,575	1,428	-	-	1,445	247	-	200	282	-	-	-	-	10,176
UCSF	0	44,360	51,786	-	-	7,783	1,788	2,751	1,318	2,676	-	-	-	-	112,462
Total		135,186	191,156	-	-	41,364	9,018	13,458	6,257	13,243	-	-	-	-	409,683
Subtotal w/o Acquisitions		113,267	176,556	-	-	32,000	6,996	13,458	4,663	9,885	-	-	-	-	356,826
Subtotal Acquisitions		21,919	14,600	-	-	9,364	2,022	-	1,594	3,359	-	-	-	-	52,858

UC Health System FY2025-26 BSAS Funding (\$000s)

	WC Rate	WC	HPL	AL	APD	EPL	GL Excl Heaps	GL Heaps	SML	Cyber	PR	Crime	Env	EB	Total
UCD Med Ctr	0.07	1,034	189	-	-	383	55	-	-	50	-	-	-	-	1,711
UCD School of Medicine		-	189	-	-	-	-	-	-	-	-	-	-	-	189
UCD		1,034	379	-	-	383	55	-	-	50	-	-	-	-	1,900
UCI Med Ctr	0.15	992	166	-	-	331	27	-	-	50	-	-	-	-	1,566
UCI School of Medicine		-	166	-	-	-	-	-	-	-	-	-	-	-	166
UCI Fountain Valley	0.15	211	24	-	-	92	32	-	-	-	-	-	-	-	359
UCI Lakewood	0.15	157	14	-	-	69	24	-	-	-	-	-	-	-	265
UCI Los Alamitos	0.15	148	16	-	-	65	22	-	-	-	-	-	-	-	251
UCI Placentia Linda	0.15	67	8	-	-	29	10	-	-	-	-	-	-	-	114
UCI		1,575	394	-	-	586	116	-	-	50	-	-	-	-	2,720
UCLA School of Medicine		-	557	-	-	-	-	-	-	-	-	-	-	-	557
UCLA Ronald Reagan	0.12	1,636	68	-	-	634	120	-	-	40	-	-	-	-	2,498
UCLA Santa Monica		-	35	-	-	18	4	-	-	9	-	-	-	-	65
UCLA Resnick	0.24	119	3	-	-	12	3	-	-	1	-	-	-	-	139
UCLA School of Nursing		-	1	-	-	-	-	-	-	-	-	-	-	-	1
UCLA West Valley	0.12	138	14	-	-	142	36	-	-	-	-	-	-	-	330
UCLA West Hills Surgery Center	0.12	9	1	-	-	8	2	-	-	-	-	-	-	-	20
UCLA		1,902	678	-	-	813	166	-	-	50	-	-	-	-	3,609
UCR		-	17	-	-	-	-	-	-	-	-	-	-	-	17
UCSD Med Ctr	0.10	1,114	232	-	-	427	96	-	-	50	-	-	-	-	1,920
UCSD School of Medicine		-	232	-	-	-	-	-	-	-	-	-	-	-	232
UCSD East Campus	0.10	64	9	-	-	68	17	-	-	-	-	-	-	-	158
UCSD Rady		-	-	-	-	-	-	-	-	-	-	-	-	-	-
UCSD		1,178	473	-	-	495	114	-	-	50	-	-	-	-	2,309
UCSF Med Ctr	0.11	2,170	268	-	-	220	66	-	-	50	-	-	-	-	2,774
UCSF School of Medicine		-	268	-	-	-	-	-	-	-	-	-	-	-	268
UCSF School of Nursing		-	1	-	-	-	-	-	-	-	-	-	-	-	1
UCSF Affiliated Hospitals-Other		-	107	-	-	-	-	-	-	-	-	-	-	-	107
UCSF Dental School		-	7	-	-	-	-	-	-	-	-	-	-	-	7
UCSF Langley Porter Institute	0.34	41	1	-	-	1	1	-	-	-	-	-	-	-	44
UCSF Fresno		-	93	-	-	-	-	-	-	-	-	-	-	-	93
UCSF Zuckerberg		-	127	-	-	-	-	-	-	-	-	-	-	-	127
UCSF Saint Francis Memorial Hospital	0.11	102	10	-	-	110	15	-	-	-	-	-	-	-	237
UCSF St. Mary's Medical Center	0.11	101	10	-	-	110	15	-	-	-	-	-	-	-	236
UCSF BCH Oakland	0.15	484	18	-	-	100	16				-	-	-	-	618
UCSF		2,899	910	-	-	542	113	-	-	50	-	-	-	-	4,513
Total		8,587	2,851	-	-	2,819	562	-	-	250	-	-	-	-	15,069
Subtotal w/o Acquisitions		7,591	2,746	-	-	2,126	388	-	-	250	-	-	-	-	13,100
Subtotal Acquisitions		997	105	-	-	693	174	-	-	-	-	-	-	-	1,969