California State University SAN MARCOS | CSUSM Corporation

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RISK POLICY

PURPOSE:

The purpose of this Policy is to provide steps to be taken for risk management. Risk Management guidance is designed to identify and evaluate risks to which CSUSM Corporation may be exposed, reducing or eliminating losses from injury to persons, damage to property and cost incurred in the defense of lawsuits through appropriate management action. Risk Management is also concerned with preservations of assets and protection against loss of earning power.

The CSUSM Corporation risk management policy includes identification and evaluation of risk factors: 1) property (i.e., crime, earthquake, fire and flood) and 2) casualty, (i.e., D&O professional, liability, general and excess liability). Insurance coverage is purchased to establish a framework within which the CSUSM Corporation's services, programs and activities, can be effectively managed.

BACKGROUND:

CSUSM Corporation has long practiced a conservative approach to risk management and has transferred risk of identifiable hazards to insurers through purchase of comprehensive insurance coverage. This approach and the practices to implement it are integrated into the CSUSM Corporation's operations.

Section 8.7, "Risk Management," of the Manual of Policies and Procedures for Auxiliary Organizations of the California State University identifies the need for clarification of risk management policy and practices on the campus by and between the university and its auxiliary organizations, especially in the case of joint programs or activities.

On October 27, 1999, the Chancellor issued Executive Order No. 715, which recognized risk management as an essential program of the CSU system. This Executive Order defines the subject of Risk Management on a broad policy statement for the CSU system.

POLICY:

CSUSM Corporation recognizes its role of stewardship over physical assets, which are used to establish trusts, as well as stewardship of CSUSM Corporation resources. This responsibility requires due concern for the safety of members of the public who make use of CSUSM Corporation services, projects or programs.

I. Loss Prevention
   CSUSM Corporation recognizes its responsibility to ensure appropriate deductibles are determined by the Executive Director with due consideration of insurance market conditions.

II. Insurance Acquisition

CSUSM Corporation practice is to review insurance coverage on an annual basis. The CSUSM Corporation is not obligated by operation of any statute or regulation to award contracts for insurance to any insurance underwriter, broker, agent, risk retention group or other similar group or organization. CSUSM Corporation will continue to purchase insurance from insurers who are financially sound with superior industry administrative ratings. Premium costs are an essential element in the evaluation of any proposal for insurance coverage.

III. Cooperative Programs

CSUSM Corporation is alert to opportunities for cooperative action with other entities when such cooperation is mutually beneficial in treatment of risks requiring special consideration, cost and service. Any such cooperative activity shall be evaluated by the CSUSM Corporation Director of Business Operations and Finance and other staff as necessary. The final determination for the course of action shall be reviewed and approved by the Executive Director.

IV. Management of Risks

The management of risks of loss to CSUSM Corporation under the above policy shall be the responsibility of the Director of Business Operations and Finance. It is the duty of the Director of Business Operations and Finance to identify risks, determine the means of eliminating, abating, transferring or accepting these risks and advise the Executive Director on these considerations. The Director of Business Operations and Finance will evaluate recommendations of the CSUSM Corporation insurance broker and present them to the Executive Director as needed.

When CSUSM Corporation cannot eliminate or economically withstand a risk of loss, insurance shall be purchased to cover the risk. The form and sufficiency of various policy limits for protection of CSUSM Corporation shall be determined by the Director of Business Operations and Finance in concert with the Executive Director.

V. Management of Standards/Guidelines

The Risk Management program is implemented consistent with this policy statement. Written program guidelines include the following criteria to identify hazards and risks for analysis.

a. Annual review of scope of coverage and the limits of insurance policies in relation to activities and liability exposure; including annual review of Insurance Survey provided by broker;
b. Quantification of activities, services and support activities in which CSUSM Corporation is involved;
c. Minimum insurance coverage and limits by types of authorized activities; and
d. Activity relationships in which there is or may be joint or shared responsibility and liability with respect to contracts, employment, occupancy of premises, or oversight of facilities, programs or services between CSUSM Corporation and/or other entity.

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

The following program elements for risk management are integrated into CSUSM Corporation's operations:

a. Annual review of scope of coverage and the limits of insurance policies in relation to activities and liability exposure;
b. The ability to partially or entirely self-insure risks, as areas of risks are discovered or determined;
c. Monitor and maintain insurance coverage as assets are acquired or disposed of and claims are processed;
d. Conduct routine inspections and inventory per property control policy;
e. Identify areas and activities involving joint/shared risk (i.e. pooling of risk); and
f. Conduct ongoing safe practice/risk avoidance training and reinforcement effort with employees covering all risks.

VI. Program Practices

CSUSM Corporation management shall establish and maintain the following documented risk management practices.

a. Analysis of new activities (especially assumption of contractual liability) in terms of risks;
b. Periodic review of risks, exposures, activities and properties;
c. Assessment of risk exposure on and off premises, in operations, through contracts, and with avoidance/prevention efforts;
d. Accident/loss monitoring;
e. Systematic claims assessment to insure claims are properly administered;
f. Information dissemination to CSUSM Corporation projects related to risks; and
g. Develop Emergency preparedness plan.

VII. Program Organization

The Executive Director in concert with the Director of Business Operations and Finance may periodically identify how the Risk Management Program is to be organized including:

a. Appropriate delegation of authority;
b. Performance of program duties and task assignments;
c. Role of risk management; and
d. How risk management program/staff interacts with safety, security, legal and employee relation functions.