What is Risk Management?

• “The practice of identifying and analyzing loss exposures and taking steps to minimize the financial impact of the risks they impose”

• Options for dealing with Risk
  • Transfer= Insurance or Contract
  • Retain= Self-Insurance
  • Control= Prevention/Reduction
  • Avoid= Do not proceed
Risk Management - Areas of Concentration

- Property / Casualty Insurance
- Self-insurance Programs
- Review of Contractual Agreements
- Loss Prevention / Reduction
- Consultation with outside entities, MSU operating units, colleges, faculty and staff
- Claims handling

How do you reduce the amount of damage from fires?

Sprinklers

Storage Configuration
Physical Flood Risk Loss
Prevention / Reduction

- MSU has purchased HESCO Barriers for flood protection. HESCO barriers are durable, and require significantly less materials and man hours to install vs. sandbags.
Examples of consultations

- Volunteer activities performed by faculty members of the College of Human Medicine
- Review with Geography department of contract related to valuable equipment loaned to MSU by the State of Michigan
- Safety concerns regarding batting practice in the Turf Arena of the IM Sports West building
- Professional liability insurance for veterinarians providing services outside of Michigan
- Proposal for students to rappel down the side of a mountain

Self-Insured Levels Increased to Realize Lowest Cost for University

- Property-Main: $1,000,000
- Property-Power Plant: $250,000
- Property-Flood: $1,000,000
- Medical-Malpractice: $3,000,000
- General Liability: $2,000,000
- Auto Liability: $3,000,000
- Educators-Legal Liability: $1,500,000
2014-2015
Insurance / Self Insurance/ Loss Prevention

- Other Self-Insurance, $600,000
- Loss Prevention, $333,127
- Medical Malpractice Self-Insurance, $1,603,686
- General / Auto Liability Insurance, $342,589
- Property Insurance, $4,255,202
- Other Insurance, $549,838

Total: $4,684,532

2014-2015
Breakdown of “Other” Insurance

- Aviation, $15,000
- Flood, $74,559
- Fine Arts, $48,925
- Educators Legal Liability, $95,375
- Day Care, $1,385
- Foreign Auto PD, $13,095
- Foreign Liability, $11,323
- HTH Worldwide, $46,949
- Hall, $30,028
- Crime, $21,325
- Accident - Crypto, $13,160
- Athletic Auto, $33,414
- Broadcasters Liability, $1,780
- Fine Arts, $48,925

Total: $549,838
Property Insurance Premiums

<table>
<thead>
<tr>
<th>Membership Credit:</th>
<th>($111,145)</th>
<th>($125,880)</th>
<th>($119,758)</th>
<th>($148,830)</th>
<th>($228,128)</th>
<th>($233,975)</th>
<th>($234,000)</th>
</tr>
</thead>
</table>
| Comments:         | 1. If rates stay constant, premiums still increase over time as replacement cost values increase  
|                   | 2. Membership credits depend on FM Global underwriting results and vary based on number of membership years |

Liability Insurance Premiums and Fees

<table>
<thead>
<tr>
<th>Membership Credit:</th>
<th>$5,096,356</th>
<th>$5,838,733</th>
<th>$1,191,907</th>
<th>$1,109,730</th>
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<tbody>
<tr>
<td>Comments:</td>
<td></td>
<td></td>
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</tbody>
</table>

9/11

September 11th

Hurricane Katrina

1/8/2015
Overview of MSU Workers’ Compensation Process

- Self-insured; self administered
- Eligibility: who is and isn’t covered
- Incident occurs
- Assess need for medical treatment
- Complete “Authorization To Invoice MSU”
- Complete “Report of Claimed Occupational Injury or Illness” form
Overview of MSU Workers’ Compensation Process

- Outcome of medical treatment
  - Return to work
  - Return to work with restrictions
  - No return
- WC pays medical expenses
- WC processes loss time
- WC makes adjustments in SAP

MSU Workers’ Compensation Costs
2.8 Million for FY 2013 -2014

- Medical $1,217,033
- Indemnity $1,074,512
- Loss Adjustment Expense $251,964
- Rehabilitation $108,630
- Other $191,214
- Other $191,214
934 Claims for Calendar Year 2014

Total Cost for Calendar Year 2014

Total: $2,749,008.43
Cost and Claims
2004-2014 Calendar Year

Number of Claims Per Body Part(s)
For Calendar Year 2011, 2012, 2013
Discussion Topics

- What event occurred in 1904, 1947 and 1975 at Michigan State University? Clue: It involved water

- What steps can be taken to manage the risks associated with 1,339 University owned motor vehicles?

- What types of events could interrupt operations?
Top Ten Best Practices

1. Engage consultants from central offices early
2. Complete and submit reports and records in a timely matter
3. Develop a culture of “See Something, Say Something!”
4. Maintain your work sites
5. Watch for patterns

Top Ten Best Practices (continued)

6. Educate frequently on safety
7. Actively enforce safety rules
8. Be Flexible about Return to Work
9. Manage workplace stress
10. Obtain reviews and required signatures on third party contacts