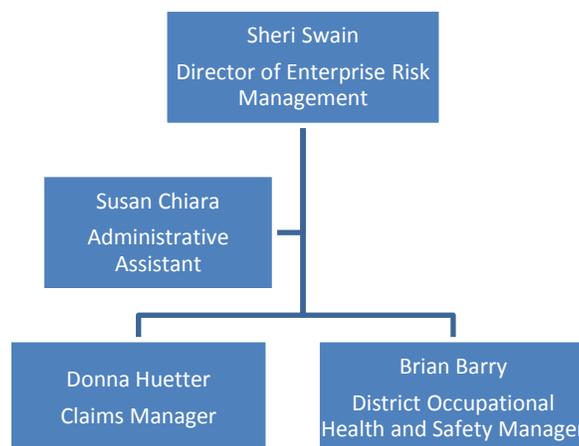**MARICOPA COMMUNITY COLLEGES®**

Risk Management Annual Report
September 2015
Fiscal Year Ended June 30, 2015

MISSION and VISION -The Risk Management Division's mission is to be a resource for the MCCCD Governing Board and employees and to assist them in identifying, assessing, and managing risks and opportunities. The vision is to be recognized as leaders in assisting all areas of MCCCD in Maricopa Integrated Risk Assessment (MIRA) which embraces a wider view of risk called Enterprise Risk Management (ERM). ERM enables personnel to collaboratively identify, assess, and manage future risks and opportunities.

Risk Management's primary activities are:

- Resource to the District in the areas of general risk management (risk identification, risk control, and risk financing).
- Risk Consulting including MIRA – Smart Assessment.
- Loss Prevention and Loss Control programs
- Insurance procurement in specialized policies and excess insurance above self-insured retention levels.
- Initial investigation and reporting of all worker compensation claims to the Third-Party Administrator (TPA's) to resolution.
- Investigation and disposition of casualty and property claims and lawsuits.
- Safety training, reporting, and compliance including OSHA.
- Consulting on environmental investigation, and reporting.
- Contractual indemnification and insurance requirement language standards and review.
- Provide assistance and training in the areas of OSHA compliance, enterprise risk management (MIRA), crisis management, workplace violence, driver training, and much more.

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                    Sheri Swain
              Director of Enterprise Risk
                    Management

    Susan Chiara
    Administrative
    Assistant

   Donna Huetter           Brian Barry
   Claims Manager      District Occupational
                      Health and Safety Manager
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Executive Summary

Effective January 5, 2015, Sheri Swain, the new Director of Enterprise Risk Management (Director) joined the Business Services Division at the District Office.

In addition to performing normal duties of the position, the Director met with Vice Chancellor Thompson as well as risk management staff to assess any issues/projects that required immediate attention:

Cyber Risk Insurance

The first order of business was to work with the MCCCD's insurance broker, Arthur J. Gallagher to secure cyber risk (privacy and security) insurance. The original goal was to obtain $20,000,000.00 in limits which has presented some challenges. The Director met with stakeholders within the District to gather the necessary information to complete an application. This application was submitted to insurance carriers in order to provide quotes. The team has been successful in procuring a total limit of $10,000,000.00 with a self-insured retention of $500,000.00. The policy became effective on May 1, 2015.

Safety Management System

As a result of the Internal Audit Report for the District-wide Employee Safety and Health Program, The District Office Occupational Health and Safety Manager (OSHM) conducted a needs assessment which has resulted in developing in a Health and Safety Manual Template that has been implemented District-wide.

Contractual Risk Transfer

Risk Management continues diligent work with Legal, IT, and Procurement to update Indemnification, and Insurance requirements including privacy and security in contracts and agreements to ensure the interests of MCCCD are protected.

FEMA Flood Claim Reimbursement

Due to an historic rain event on September 8, 2014, several MCCCD campuses sustained major flood damage resulting in approximately $454,000.00. Due to the high deductible for flood ($100,000.00 per location) our property insurance only responded to one of the claims, with the assistance of Emergency Management and Capital Planning and Special Projects, MCCCD applied to the FEMA program for reimbursement of flood damage repair costs and the insurance for the covered locations. Between the insurance reimbursement and FEMA allowances (which included our $100,000 deductible). We were able to obtain a reimbursement of $453,991.49.

MARICOPA COUNTY COMMUNITY COLLEGES DISTRICT – ALL CLAIMS

Maricopa County Community College District incurred 129 claims for Fiscal Year (FY) 2015. The claims consist of the following: Workers' Compensation, Property, General Liability and Automobile.

Workers' Compensation had the most claims followed by Property. Property Claims include flood damage and theft claims. The following chart delineates where MCCCD experienced its losses for FY 2015.

Total Number of Claims FY 2015

Property Claims 23%

Workers' Compensation 71%

General Liability 5%

Automobile 1%

129 Claims
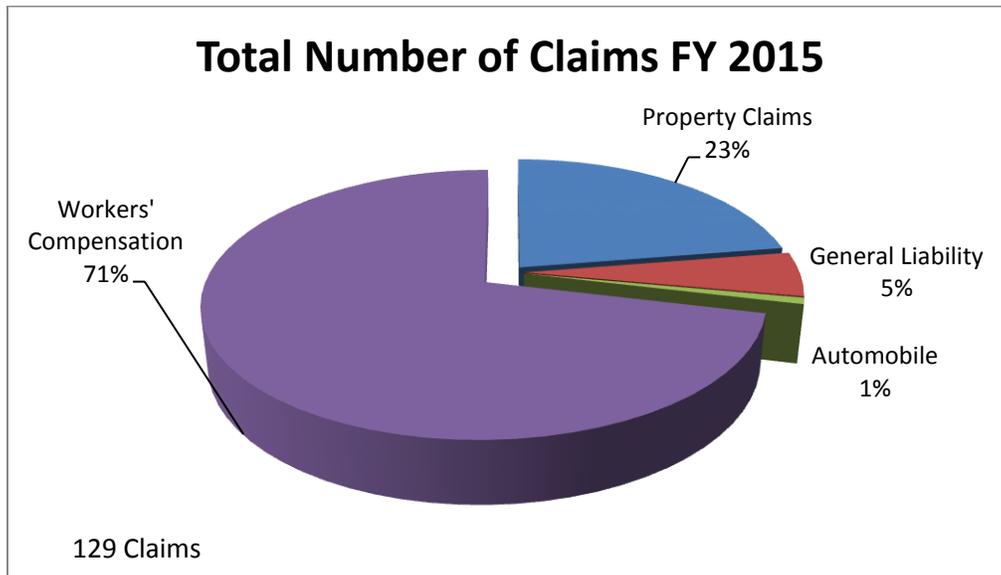
While Risk Management is responsible for assisting MCCCD in reducing the frequency and severity in all types of exposures, this report focuses on measures and programs implemented for continuous improvement to reduce frequency and severity of worker compensation medical only and loss time claims.

Employee Occupational Safety/Worker's Compensation

Workers' Compensation is an inherent exposure/risk and is a necessary cost of business due to the program being a "no fault" mandatory system nationwide.

Risk Management periodically evaluates these costs in an effort to focus on training, awareness and continued compliance.

Workers' Compensation, and Occupational Safety and Health Administration (OSHA) Log 300 data was used in this report.

Please note that the OSHA Log 300 reporting is based on calendar year versus fiscal. The OSHA Log data contained in this portion spans January 1st through December 31st for years 2013 and 2014.

It should be noted that in July 2012, a new Claims Manager was hired and implemented a Return to Work (RTW) Program and since then costs have gradually declined over the last three years.

It is anticipated that with a continuing RTW program, (that allows the employees to return to work faster on a light duty basis) providing exceptional medical care for employees, professional claims handling, and the implementation of the new Safety Management System (SMS) frequency and severity of claims will continue to decline.

Please see the following examples and results of programs implemented that continue to drive down the frequency and severity of claims.

TRIAGE NOW PROGRAM

MCCCD signed up for a medical triage program on all work claims that were not "first aid" only claims or serious 911 injuries. This program started at the beginning of the 2014/2015 school year at two campuses. As of mid-December (start of the winter break) we had saved over $5,000.00 at just two campuses. The program was rolled out to all campuses as of February 15th, 2015. By the end of the 2015 fiscal year, this program helped MCCCD save $16,000.00 in medical costs. Overall, 53% of all work comp claims that were called into Triage Now, did not need further medical referral. This saved an average of $328.00 per injury.

Risk Management will continue to work with the colleges for changes and or updates to the program.

WORKERS' COMPENSATION SELF INSURANCE TAX SAVINGS

As of July 2012, MCCCD was paying $25,188.40 quarterly for self- insurance tax. ($100,753.60 per year) As of April 9th, 2015, these payments have dropped to $11,161.63 quarterly ($44,646.52 per year). This is a savings of $14,026.77 per quarter ($56,507.08 annually) due to the major drop in the overall costs of the workers' compensation claims.

Total number of days with doctor prescribed work restrictions decreased 96% in 2014. The number of days was reduced from (1158 days) in 2013 to (37 days) in 2014.

These numbers continue to fall due to ongoing active claims management and employee training and awareness.

OSHA LOG 300 REVIEW

Injury by Type 2013 – 2014

Type of Injuries 2013 - 2014
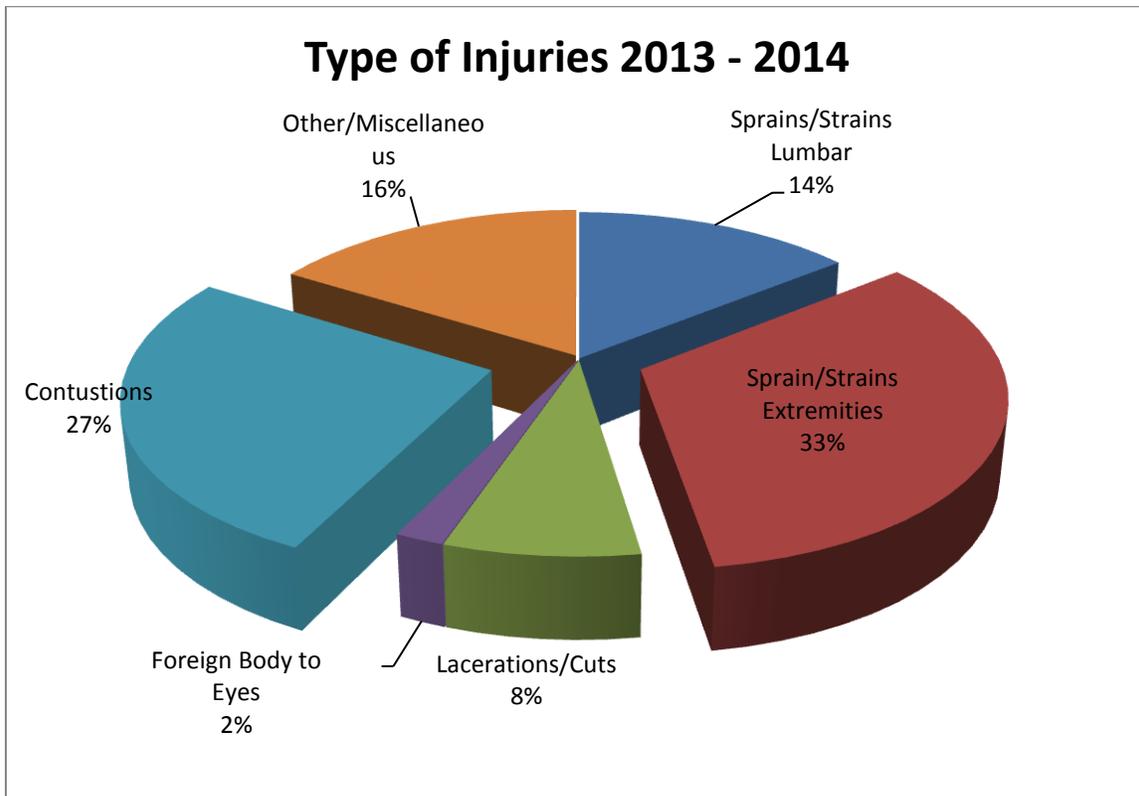
Top Four Injury Types

Sprain/Strains to the extremities comprise the largest segment of injuries at 33%. These injuries are mainly from overexertion and affect the wrists, elbows, shoulders, ankles and knees.

Contusions are the second largest contributor at 27% and these injuries are typical when an employee strikes something or is hit by an object. The major causal factor was from slips, trips and falls.

Other/Miscellaneous injuries are those injuries such as bug bites, chemical exposure etc. These injury types cannot always be anticipated however training on being vigilant in all aspects of their daily activities could reduce these numbers.

Sprains/Strains Lumbar (lower back) comprised 14% of MCCCD's total injury types, these account for 80% of the loss time claims. These are due to improper lifting techniques and or lifting materials too heavy for one person.

LOSS PREVENTION ACTIVITIES

Continuing reductions in the aforementioned types of injuries/claims can be attributed to the following; specialized information sessions for the colleges conducted by Risk Management in 2014. Training in the reduction of specific injury causation factors i.e. slips and falls along with proper lifting was provided to all the colleges in 2014. The M&O employee group was targeted especially for their increased risk in various job duties and as a result, was given specific training during the M&O Retreat spring 2015 for safe lifting techniques.

The June 2015 debut of the district-wide Safety Management System (SMS) and its implementation will also reduce the number and severity of injuries throughout MCCCD along with ensuring compliance of OSHA mandated requirements.

The colleges have been proactive working with Risk Management on specific needs detailing and mitigating safety hazards at their facilities.

Looking Forward

- Provide leadership and guidance district-wide in all areas of enterprise risk management and safety including but not limited to identifying, assessing, controlling, and financing risk.

- Work with interested carriers in obtaining the next layer(s) of coverage for cyber insurance as well as assessing any other areas of potential exposure to enhance MCCCD's insurance portfolio.

- The new District Enterprise Risk Manager (Risk Manager) will be working toward producing an annual comprehensive Enterprise Risk Management Report to measure outcomes and results in all areas of Enterprise Risk Management including progress and results of MIRA risk assessments. While the first priority of the new Risk Manager is to continue to work on high profile projects, the goal is to become more familiar with MIRA in order to resume risk assessment and training and possible enhancements to the program.

- Update the online Driving Training program and anticipate the program update and implementation will be completed by year end 2015.