



RISK MANAGEMENT ANNUAL REPORT

AUGUST 2016
FISCAL YEAR ENDED JUNE 30, 2016

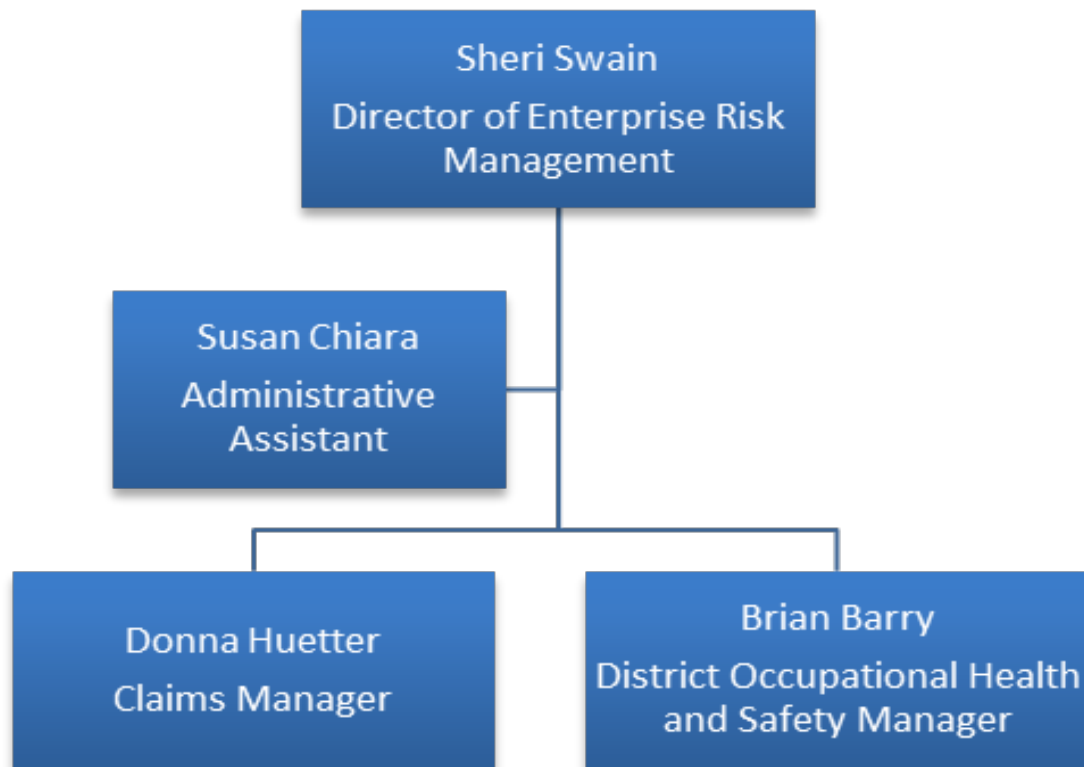
MISSION AND VISION

Risk Management's mission is to be a resource for the MCCCDC 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 MCCCDC 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.

RISK MANAGEMENT DEPARTMENT



EXECUTIVE SUMMARY

Cyber Risk Insurance

Risk Management continued to work with MCCCCD's insurance broker, Arthur J. Gallagher (AJG) to secure higher limits of cyber risk (privacy and security) insurance. The original goal was to obtain \$20,000,000 in limits which presented some challenges. Last year, the RM Director and team were successful in procuring \$10,000,000. There was a primary layer of \$5,000,000 and a secondary layer of \$5,000,000. The RM Director immediately set out to meet with stakeholders within the District to gather the necessary information to complete a new application for a new policy year. This application was submitted to insurance carriers in order to provide quotes. In addition, the RM Director worked with broker, AJG and held a meeting with the Chancellor and other key personnel, as well as the CEO of the incumbent insurance carrier and their counsel, to discuss policies, procedures, and best practices MCCCCD had instituted from the prior year. The insurance carrier was so impressed with what the team had accomplished, that they agreed to raise the primary limit to \$10,000,000 and a secondary limit to \$15,000,000 for a total of \$25,000,000 with a deductible of \$500,000. They also agreed to write a 16-month term that would bring our renewal date to an October 1 renewal to match our other major lines of coverage.

Safety Management System

Work progresses with the Safety Management System (SMS). Each college has designated an individual as their campus Safety & Health Coordinator (SHC). The coordinators were charged with starting a campus safety committee if their campus did not have one. Those

colleges that did have active committees were asked to develop Job Safety Analysis (JSA) for all job tasks that could potentially result in injury if not performed correctly.

The District Occupational Health & Safety Manager developed a template and charter for the campus safety committees. Additionally a template was provided to the colleges for the development of their JSA's as well as an instruction guide for creating JSA's.

In an effort to make this process less laborious; a library of 66 JSA's were developed by Risk Management and made available to the colleges. The JSA's will also identify specific OSHA training needs especially in light of the continued vacancy of the Safety Training Coordinator position in the Center for Employee & Organizational Development.

As the 2016 fall semester gets underway, Risk Management will survey the colleges to ascertain the progress of implementing safety committees and development of JSA's.

In addition to the aforementioned; FM Global, MCCC'D's property insurance carrier has agreed to conduct training for our Facilities Managers on the Human Elements of Risk at their colleges. The Human Elements of Risk is essentially "low lying fruit" to mitigate risks from fire, flood, and general safety issues such as hot work permits. All Facilities Managers will be a part of the *MyRisk*® program of which is specifically designed to help manage, monitor and mitigate risk.

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 MCCC'D are protected.

Student Insurance

Risk Management went out for RFP for student insurance and broker services. This RFP covered International Student Health Insurance, Student Accident/Tripster and Student/ICS Catastrophic. The new policies went into effect August 1, 2016.

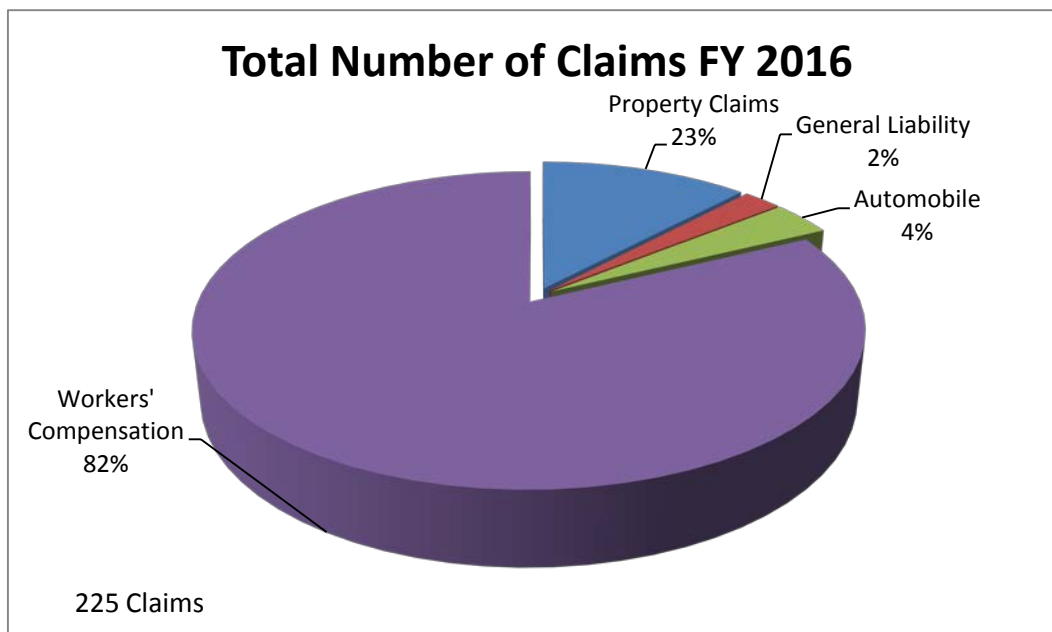
Risk Management works in an advisory role and extensively with Student Affairs, Student Services, Athletic Directors and International Student Directors to provide guidance, training and assistance for student insurance programs.

MARICOPA COUNTY COMMUNITY COLLEGES DISTRICT ALL CLAIMS

MCCCD incurred 225 total claims for Fiscal Year (FY) 2016. This is an increase from a total of 129 claims FY 2015. The increase in total claims derives directly from an increase in Workers' Compensation claims. The increase is due to better reporting as a result of mandatory reporting of all injuries by supervisors to the Claims Manager. This policy change was implemented by Risk Management to better serve the needs of injured employees and to protect MCCCD.

As delineated in the pie chart below; Workers' Compensation had the most claims followed by Property. Property claims include water and wind damage as well as theft claims.

The number of Property Claims remains proportionally unchanged from FY 2015 however theft claims have been reduced by 99% due to loss control measures implemented by Risk Management. Specifically, Risk Management insisted upon the installation of key-card access in areas where doors would be left unlocked during business hours.



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 1, 2015 through December 31, 2015.

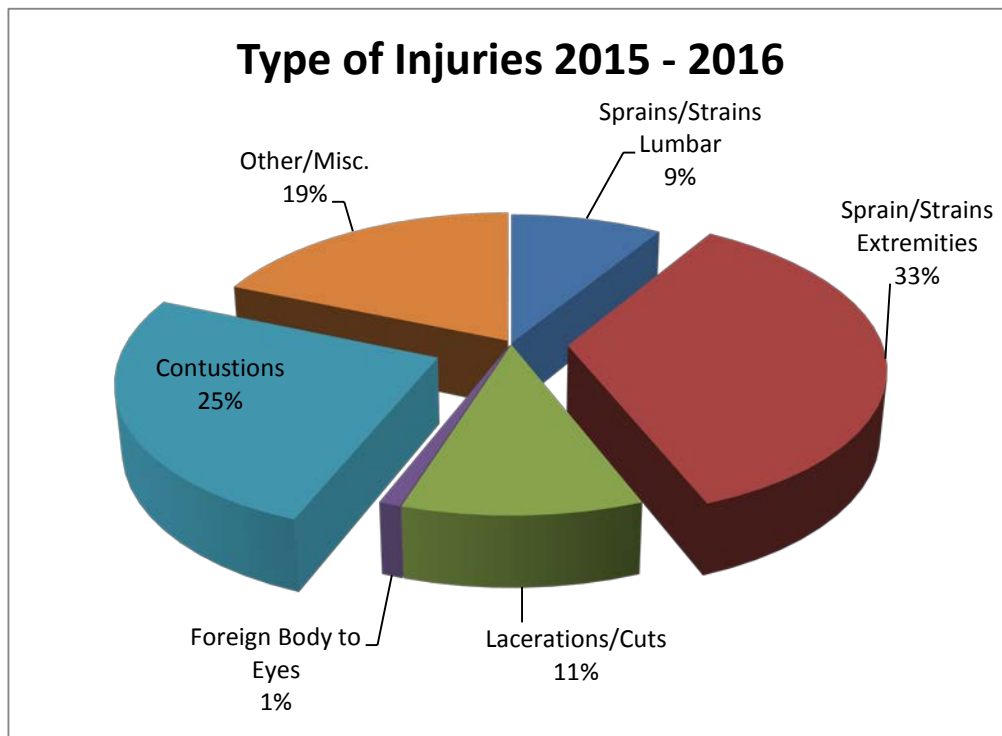
It is anticipated that with a continuing return to work (RTW) program, (that allows the employees to return to work faster on a light duty basis) providing exceptional medical care for employees, professional claims handling, and the implementation of the new Safety Management System (SMS) frequency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

Additionally the District Claims Manager continues to work with coordinators from ADA, FMLA, DSSC Human Resources as well as campus HR to ensure compliance with the RTW program along with meeting any accommodations for employees with specific needs following an injury. This greatly reduces the number of claims and associated costs.

Workers' Compensation Self Insurance Tax Savings

As of August 1, 2016 payments have dropped to \$7,059.44 quarterly (\$28,227.76 per year). In 2015 this was \$11,161.63 quarterly (\$44,646.52 per year). This is a savings of \$16,419.52 annually due to the drop in overall costs of workers' compensation claims. These savings can be attributed to better reporting, expedited employee medical treatment, active claims management, employee safety training and awareness.

OSHA Log 300 Review (Injury by Type 2015 – 2016)



Top Four Injury Types

Sprain/Strains to the extremities comprise the largest segment of injuries at 33%. These injuries are mainly from slips, trips and falls. The affected body parts are the wrists, elbows, shoulders, ankles and knees.

Contusions are the second largest contributor at 25% and these injuries are typical when an employee strikes something or is hit by an object. Again these injuries are mainly from slips, trips and falls.

Other/Miscellaneous injuries accounted for 19% of all injury types. These are injuries such as bug bites, animal 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.

Lacerations to the hands and arms accounted for 11% of all injury types. It is believed that job specific training along with use of appropriate personal protective equipment will reduce these types of injuries.

Sprains/Strains Lumbar (lower back) comprised 9% of MCCCCD's total injury types. This number remains unchanged from 2015. These are due to improper lifting techniques and or lifting materials too heavy for one person.

Overall, the largest causal factor for "all injuries" continues to be slips, trips, and falls. While the frequency of injuries went up for 2015; the severity of injuries declined as there were only two injuries that resulted in lost time from work.

Risk Management continues to provide training and information to all the colleges. This information consists of hazard identification, mitigation and employee training especially for slips, trips and falls.

Loss Prevention Activities

Since the June 2015 implementation of the district-wide Safety Management System (SMS) the severity of injuries has decreased throughout MCCCCD. It is anticipated that the SMS will continue to assist with ensuring compliance of OSHA mandated requirements.

Risk Management met with all of the campus safety coordinators and provided information relative to their specific worker compensation losses. This is a roadmap to address high loss areas where trends were observed. This information along with training on JSA's should help in the reduction of the frequency and severity of injuries. To date, the District Occupational Health & Safety Manager has met with SCC, MCC, GCC and CGCC to provide further assistance understanding SMS components and trend data.

A specific accomplishment of Risk Management has been the collaborative development of a Performing Arts Center (PAC) Safety Manual for SCC. This manual will be used as a template for a district wide Performance Arts Safety Manual.

Two colleges have made executive decisions to hire a full time employee to work as the Campus Safety Coordinator. The District Occupational Health and Safety Manager provided language and input for job descriptions for those positions. Phoenix College has hired a dedicated safety professional and presently Gateway is working to fill their newly created position. Risk Management continues to advocate for hiring a full time safety professional at the larger colleges (MCC & GCC). Regionalizing and sharing a full time employee amongst the smaller colleges would be ideal.

MCCCD had OSHA related visits at Rio Salado and Scottsdale in 2015. Risk Management gave direction in mitigating observed hazards. One OSHA non-serious citation was issued to SCC and the hazard abated immediately. No other citations were issued to any other colleges.

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

Looking Forward

- Continue to 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.
- Director of Risk Management worked on proposed changes to the Administrative Regulation 4.14 Motor Vehicle Usage, including introducing a new point system for traffic violations. The proposed changes were put on hold by HR, as the disciplinary actions need to be updated as well. The goal is to implement new changes by fiscal year end 2016/2017.
- The Center for Employee and Organizational Development completed the draft online driver training program. Edits to the program are necessary to coincide with proposed changes to Administration Regulation 4.14 governing MCCCD vehicle use. It is anticipated that those changes and edits will be completed by fiscal year end 2016/2017.
- Automate Motor Vehicle Reports (MVR's). Risk management to work with the State of Arizona motor vehicle department to pull MVR's in bulk. This will coincide with changes proposed in Administrative Regulation 4.14.
- Risk Management will work with the colleges to ensure that their safety committees are functioning and to ensure each college is working to make sure Job Safety Analysis (JSA's) are integrated into their daily operations. This will include providing information and training for those colleges that are slow to bring their programs

online. Risk Management will also continue to work in an advisory capacity for those colleges that are matured in their program development.

- Since slips, trips and falls are the largest contributor to worker compensation claims. Risk Management will continue to provide training to all the colleges through their safety coordinators in an effort to reduce the frequency and severity of injuries related to this causal factor.
- Certificates of Insurance are an important and imperative component of any contract. It is essentially a snapshot in time of the other party's coverage. MCCCDC like many other entities continue to look for the best way possible to track Certificates and ensure they are in compliance. Risk Management will continue to research and work with IT, Procurement and Legal to develop a Certificate of Insurance tracking system that can address the need for multiple users.
- Risk Management and Insurance 101 – In conjunction with a Certificate of Insurance tracking system, Risk Management would like to meet with college and DO staff that works with contracts and Certificates of Insurance for an Insurance 101 and Risk 101 series.