



Cal Poly San Luis Obispo Risk Management Annual Report

**FISCAL YEAR
2023/2024**

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Introduction

This report is submitted in accordance with Executive Order 1069 which requires a risk management report to be submitted annually to the Campus President with a copy to the Senior Director, CSU Systemwide Risk Management.

Executive Summary

The Risk Management program focuses on review of operations and ownership of property for risks including injury to persons, damage or loss of property, impact to university programs, liability, loss of financial resources, and reputation. Enterprise Risk Management (ERM) takes a broader approach by coordinating activities to direct and control an organization regarding risk. ERM defines risk as uncertainty's effect on objectives, aligning risk management with the University's priorities. Responsibility for risk management is spread across the University to those with accountability and authority known as Risk Owners.

Our office, alongside the CSU Risk Management Authority (CSURMA), establishes a framework for risk management emphasizing a proactive, coordinated approach to identifying, evaluating, and managing risks. The goal of risk management is to enhance value, improve performance, foster innovation, and support objective attainment.

The focus of this annual report is to present a collection of relevant data and information for Fiscal Year 2023-2024. This report is a requirement of the CSU Technical Letter RM 2011-05.

CSURMA Risk Pool and Insurance Costs

The Chancellor's Office has designated each campus as financially responsible for its insurance and loss costs. Currently the university participates in programs provided by the California State University Risk Management Authority (CSURMA), a California Joint Powers Authority (JPA).

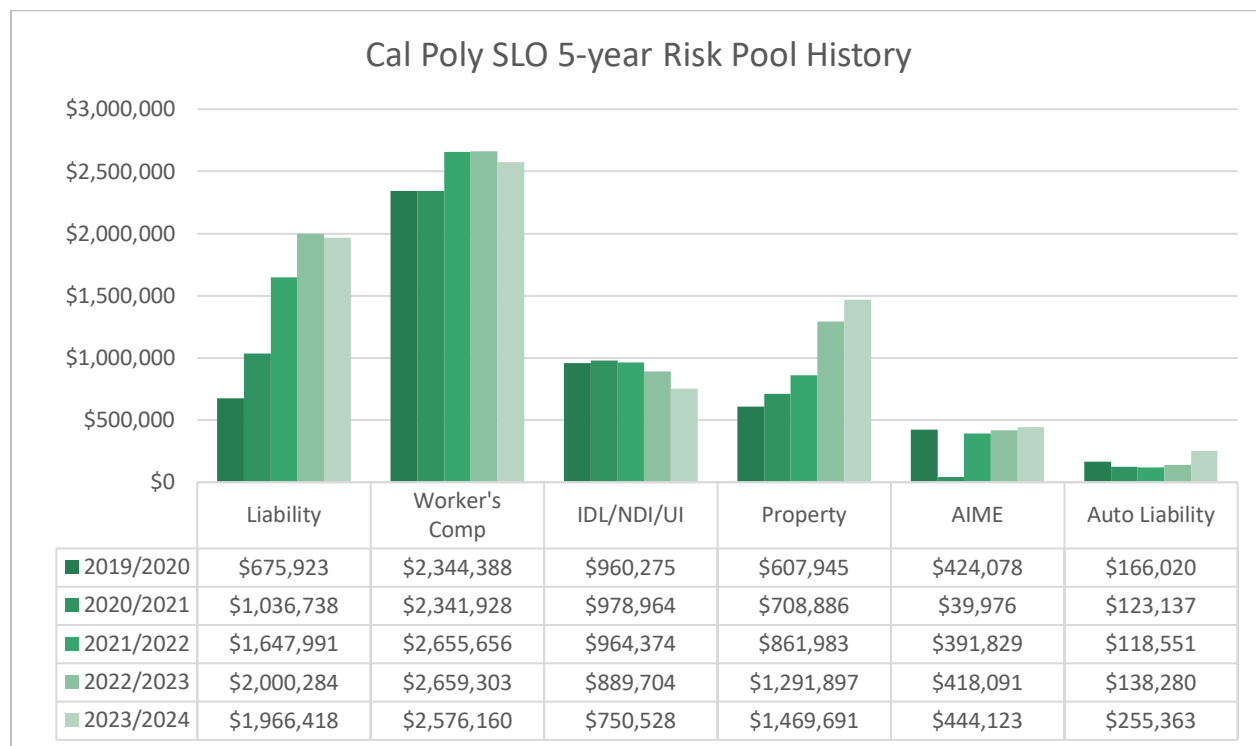
CSURMA serves its membership as an insurance cooperative. The JPA utilizes the services of a designated insurance broker, Alliant, to manage CSURMA and assist members with specialized insurance purchases and claims management.

In addition to the major coverage areas, CSURMA provides access to several public entity insurance programs such as insurance for equipment, drones, watercraft, fine arts, special events, and international travel on an as-needed basis. Additionally, specialty insurance may be purchased for exposures in the following areas: the Central Coast Performing Arts Center, rodeo and livestock, club sports catastrophic medical, club liability, aircraft, tenant users, auto physical damage, and inland marine.

For property and liability coverage, each campus may choose their level of self-insured retention (SIR). Cal Poly has selected \$100,000 SIR for property coverage, on the Main Campus Schedule of Locations (Campus 99 Schedule has lower SIRs), and \$500,000 SIR for General Liability. These SIR levels may be changed at specific times every three years and the next time Cal Poly Risk Management will review its retention levels is for FY 2026-2027.

In FY 2023–2024, Cal Poly’s total cost for insurance and risk-related programs was \$7,605,527, reflecting a 3% increase (\$207,968) over the previous year. This total includes coverage for General Liability, Workers’ Compensation, Industrial Disability Leave/Non-Industrial Disability Insurance/Unemployment Insurance (IDL/NDI/UI), Property, Athletic Injury Medical Expense (AIME), and Auto Liability. Premiums for General Liability and Workers’ Compensation are influenced by the campus’ Experience Modification Factor (X-Mod), which adjusts rates based on actual claim payments made over a rolling five-year period, providing a campus-specific risk profile.

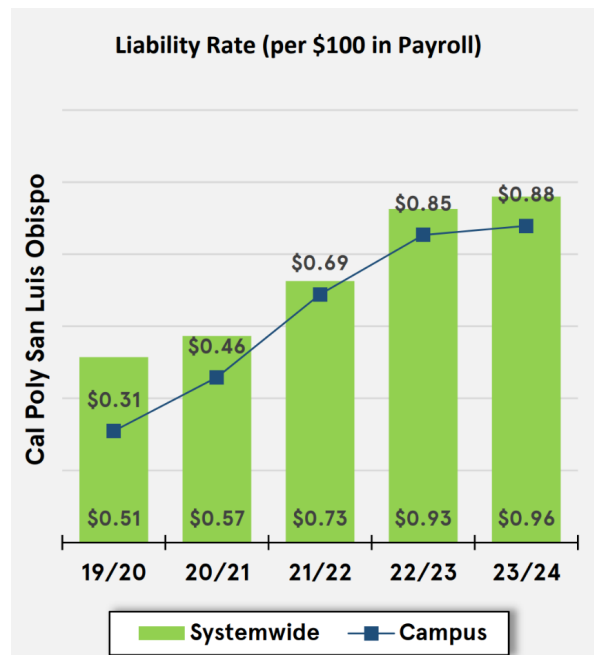
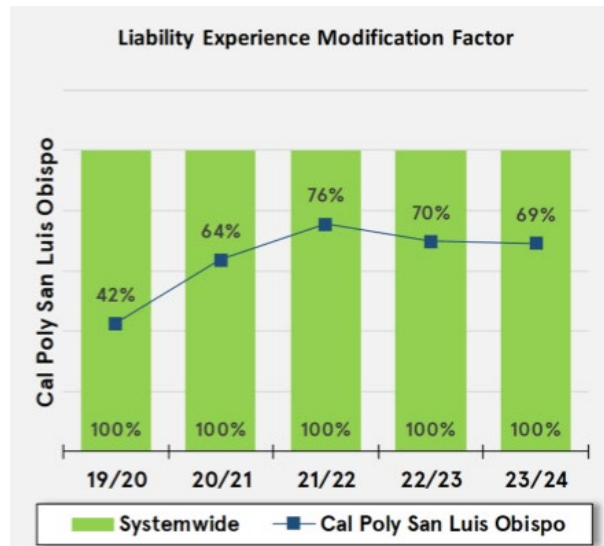
In FY 2023-2024, the CSURMA Board of Directors initially approved a dividend of \$433,683 for Cal Poly; however, a \$202,964 assessment to the liability program reduced the final distribution. As a result, Cal Poly received a net dividend of \$292,262, which provided a positive offset to its overall premium obligations and reflects the university’s continued commitment to workplace safety and loss prevention.



General Liability Program

The CSURMA Liability Program offers coverage for General Liability, Errors and Omissions, employment practices, and various other liability claims. The liability program uses the actual payroll from FY 2021-2022 as the basis to calculate the liability premium contribution for the upcoming year. Only claim payments in excess of \$50,000 and capped at \$500,000 are included in the X-Mod calculation.

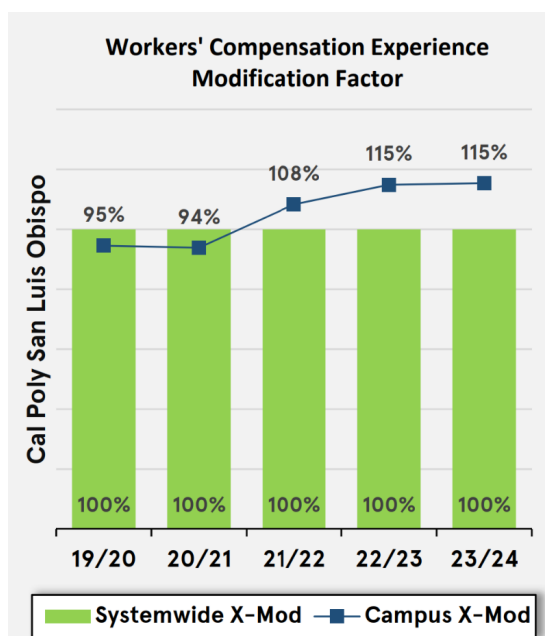
Cal Poly's trends in both rate and X-Mod are favorable to systemwide trends. The primary driver being a favorable loss history (X-Mod). The X-Mod decreased from 70% to 69% in FY 2023-2024 and is projected to further decrease to 56% for FY 2024-2025. Cal Poly's Liability Rate (per \$100 in Payroll) increased slightly from \$0.85 to \$0.88 but remains favorable to the systemwide rate of \$0.96.



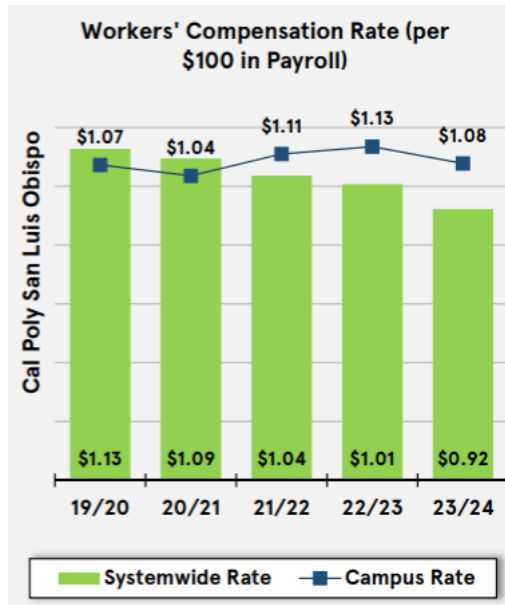
Workers Compensation Program

Workers' compensation premiums are calculated using campus loss history and annual payroll. The Workers' Compensation Risk Pool includes loss funding at a 70% confidence level, discounted for anticipated investment income. The risk pool is self-insured with no deductible and retains the first \$2,500,000 of each occurrence.

In FY 2023-2024, Cal Poly contributed \$2,576,160 to the Workers' Compensation program, reflecting a 3% decrease compared to the previous year. The program's Experience Modification Factor (X-Mod) remained at 115%, indicating that the university's claims experience was 15% higher than the CSU systemwide average. While no new paid claims were reported during the year, historical claim payments from prior years continued to influence the campus rating and contribution levels.



Rating factors include actual payroll and campus X-Mod, similar to the Liability Program. Cal Poly's trends in both rate and X-Mod are unfavorable compared to systemwide trends. In FY 2023-2024 Cal Poly's rate decreased slightly from \$1.13 to \$1.08, however, the systemwide rate for FY 2023-2024 is \$0.92. Cal Poly's X-Mod has been above systemwide X-Mod of 100% every year since FY 2021-2022.



IDL/NDI/UI Program

Industrial Disability Leave (IDL), Non-industrial Disability Leave (NDI) and Unemployment Insurance (UI) costs are entirely self-insured, and costs are allocated based on actual claims over a rolling five-year period. The program fund was established to provide a funding mechanism for temporary disability and unemployment insurance benefits for state employees. The campus saw a 16% decrease in IDL/NDI/UI premiums for FY 2023-2024. This decrease is being driven by a reduction in claims activity. The FY 2023-2024 program costs assume a 10% decrease over actual claims for FY 2021-2022.

Property Program

The CSURMA Property Program provides coverage for damage to buildings, other scheduled structures, scheduled personal property/contents, and scheduled business interruption resulting from perils that are not excluded. CSURMA has a \$1,000,000 per occurrence deductible and Cal Poly's deductible is \$100,000.

The global property insurance market remains exceptionally challenging for all policyholders, including Cal Poly and all CSU campuses. Catastrophic events, such as floods, storms and wildfires have placed significant strain on industry. While CSU campuses previously benefited from stable costs and broad coverage due to a strong loss history, we are no longer insulated from rising costs and stricter coverage limitations.

For FY 2023-2024 Cal Poly's property values increased from \$1,023,425,708 to \$1,122,914,688, and property rates increased from 0.1262 to 0.1316. This resulted in premium increasing from \$1,291,897 to \$1,478,188 (14% increase). This follows a 50% premium increase at the FY 2022-2023 renewal and double digit increases from FY 2019-2020. The property market remains challenging, and Cal Poly has significant loss history.

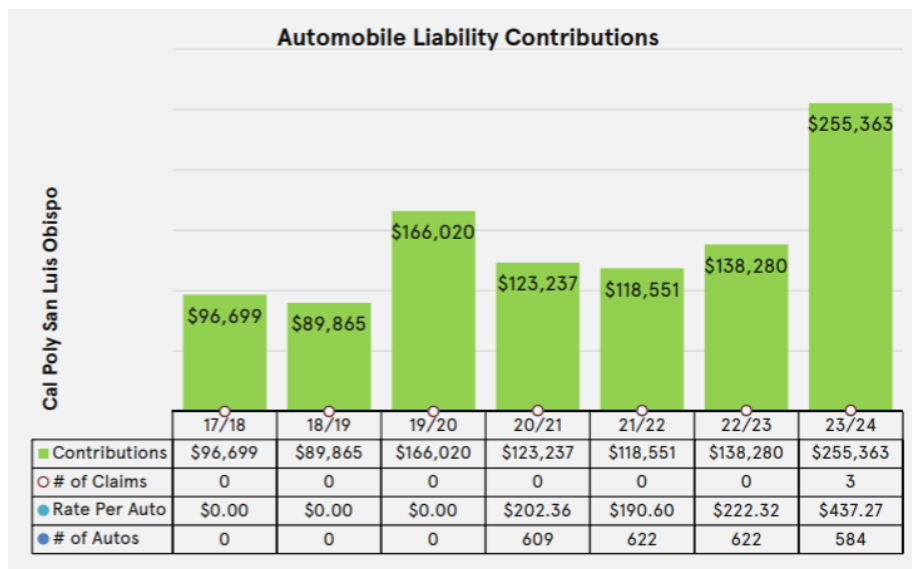
Effective FY 2023-2024 campuses were offered different deductible options, but Cal Poly elected to retain its \$100,000 deductible due to the unfavorable loss history.

Auto Liability Program

Auto Liability is provided by the State Motor Vehicle Insurance Account (MVIA) and managed by the Office of Risk and Insurance Management (ORIM). Total MVIA costs allocated to the CSU have increased each year since FY 2019-2020. Premiums are allocated to individual campuses based on a rate per auto, which has also increased each year. Cal Poly has the largest vehicle count in the system, therefore, the highest premium.

In FY 2023-2024, Cal Poly contributed \$255,363 to the Automobile Liability program, an 85% increase from the prior year. This increase was primarily driven by systemwide claims experience, as well as the introduction of a claims rating surcharge for any paid claims over \$50,000 within the last five years. During this period, no new paid claims were reported for Cal Poly, but historical claims activity, including three claims exceeding \$50,000, contributed to the higher premium costs.

Additionally, the rate per vehicle rose to \$437.27, a 96.69% increase reflecting both campus-specific and systemwide risk factors. Cal Poly operated 584 vehicles during the fiscal year, down slightly from the previous year's total of 595. This program ensures coverage for liabilities associated with the university's fleet operations and continues to be influenced by historical claims trends and vehicle inventory.



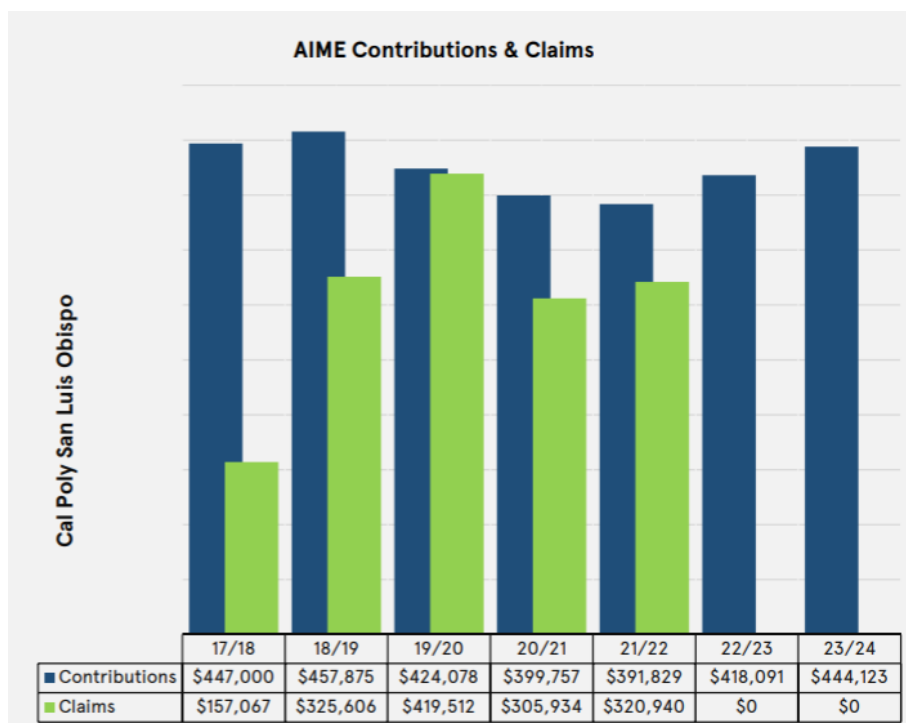
Athletic Injury Medical Expense (AIME) Program

CSURMA provides Athletic Injury Medical Expense (AIME) insurance coverage for Cal Poly athletes. AIME was established to provide coverage for medical expenses incurred by CSU

students participating in NCAA and NAIA intercollegiate athletic activities. The program’s funding is based on a five-year rolling average of each campus’s claims, adjusted for reserve fund contributions and administrative expenses. The AIME program is self-insured for the members’ deductible limit defined by the catastrophe coverage policies purchased by their respective national governing bodies, NCAA or NAIA.

NCAA purchases catastrophe liability insurance on behalf of all its member schools with a \$90,000 deductible. NAIA purchased catastrophe liability insurance on behalf of its member schools with a \$35,000 deductible.

During FY 2023–2024, Cal Poly contributed \$444,123 to the AIME program, reflecting a 6% increase over the previous year’s contribution of \$418,091. While no new paid claims were reported for Cal Poly during FY 2023–2024, past claims activity, including \$617,232 in paid claims from FY 2022–2023, contributed to the increase in premium costs.

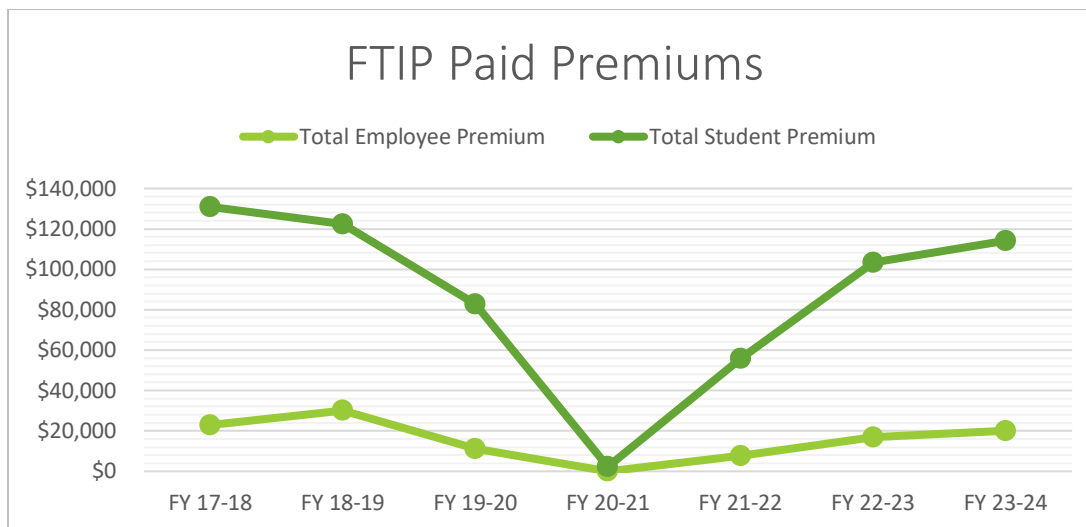


Foreign Travel Insurance Program Administration

International travel insurance through CSURMA is required for all students, faculty, and staff who travel internationally on business trips, field trips, or study abroad programs. In the past three fiscal years, Cal Poly has experienced a dramatic increase in the number of student travelers since insurance coverage is provided for exchange students as well as those enrolled in study abroad programs.

Since the 2017–2018 policy year, Cal Poly has contributed a total of \$108,772 in employee premiums and \$612,110 in student premiums to the Foreign Travel Insurance Program (FTIP).

Premiums peaked in 2018–2019 for employees and in 2017–2018 for students. The impact of the COVID-19 pandemic is reflected in the significant dip during the 2020–2021 policy year. Premium contributions have steadily increased since then, highlighting a continued commitment to supporting safe university travel.



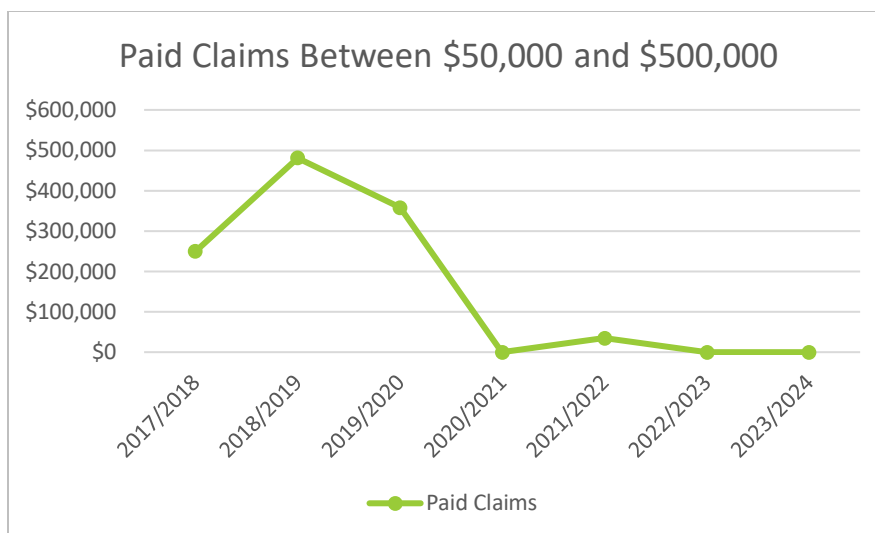
Claims Activity

Common factors used in evaluating claim trends are the analysis of claim frequency and severity. The number of claims made against the university over a certain period of time provides frequency data. The expense incurred as a cost of the claims defines severity. Cal Poly has favorable claim trends for liability but unfavorable claim trends for property, auto liability, and workers compensation.

Liability Claims

Incidents on campus that could lead to claims against the university include bodily injury from falls, sports injuries, classroom or lab activities, medical assistance calls, police action, employment practices, vehicle accidents, or other events. Over the past several years, Cal Poly averaged 204 incidents per year. Of these, approximately 5.49% resulted in a formal claim.

Many claims are not paid in the same year the loss incident occurs. As claims develop, and payments are made, aggregated claim cost data for recent years becomes more accurate. Payments for claims received in this report period will be discussed in future annual reports. The university opens incident files after an incident, in anticipation of a future claim, but most of these incident files do not result in formal claims against the CSU. Prompt reporting, and investigation, of potential claims positions Cal Poly to expedite resolution and achieve the most favorable results.



Vehicle Claims

Cal Poly reported 584 vehicles in use for FY 2023-2024, Facilities and the College of Agriculture, Food & Environmental Sciences own 62% of vehicles on campus. Claims under this program are administered through the Office of Risk and Insurance Management (ORIM). This program does not have a self-insured retention, so claims are paid in full by ORIM. Cal Poly reported eleven auto-liability claims for FY 2023-2024.

Property Claims

In FY 2023-2024 there were two new property losses, both caused by severe storms, and significant activity related to a loss occurrence from prior fiscal year construction.

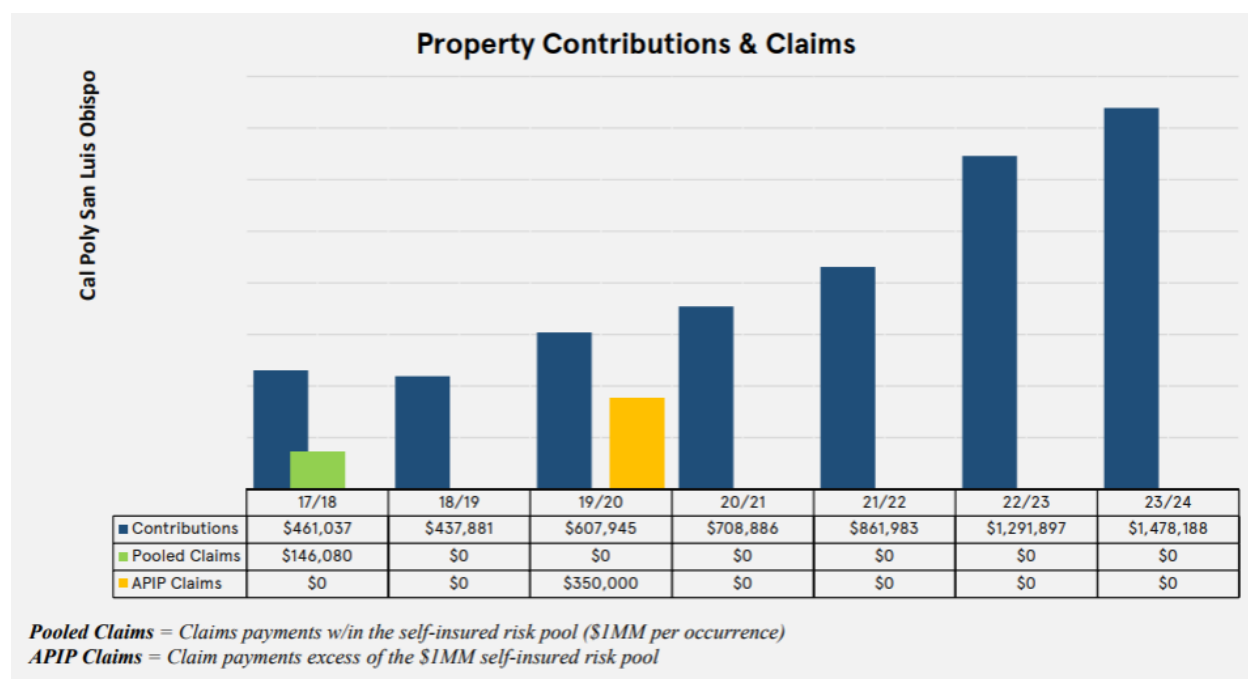
Storm-related tidal events on December 30–31, 2023, caused significant damage to the Cal Poly Pier, resulting in the dramatic failure of an already compromised retaining wall system. The aging sea wall at the shoreline property protects the oil-contaminated soils under the parking lot/storage yard from entering the San Luis Bay. Full failure of the wall would result in backfill falling into the bay. Cal Poly owns the pier, which was donated to the University by Unocal. Cal Poly did not accept the shoreline property as part of the donation due to soil contamination and instead entered into a licensing agreement for use.

Cal Poly's position is the licensing agreement requires Unocal (currently Chevron) to maintain the shoreline property, inclusive of the sea wall. The seawall requires replacement and Cal Poly began a project to address this. Chevron was put on notice of the claim but to date has not accepted responsibility, claiming Cal Poly is responsible for funding this repair.

During a severe storm on February 1, 2024, a large sinkhole at a culvert appeared on Mt. Bishop Road between the Strawberry Center and the Beef Unit on campus. The sinkhole was caused by heavy rains overpowering the decades old culvert and associated headwall, resulting in closure of the road. The culvert, headwall, and road were rebuilt at a cost of \$600,000. As this property

was not scheduled, it is considered unscheduled infrastructure, where the deductible is \$500,000. FEMA declared this a CAT storm, so the property policy requires Cal Poly to first seek recovery from FEMA. In the event FEMA declined to fund the project, the property policy would respond but the \$100,000 claim net of deductible is subject to deduction for betterment. FEMA is expected to cover the project but has not yet formally committed to funding.

On June 3, 2024, Building 19A experienced extensive water damage to drywall and insulation due to bad plumbing installed with the new HVAC components in Building 19. As the condition that the loss arose from is related to the construction project to modernize the building, this is a builder's risk claim subject to a \$50,000 deductible, which is the responsibility of the general contractor.



Risk Management Programs

Risk Assessments

In 2023–2024, Risk Management made significant strides in enhancing the university's risk assessment capabilities and proactive risk identification efforts. The risk assessment website and tools were thoroughly revised to improve clarity, usability, and alignment with campus needs, making it easier for departments to identify and manage potential risks. Risk Management also increased its involvement in event management systems such as 25Live and Cal Poly Now to gain greater visibility into upcoming high-risk events. This allowed the team to proactively reach out to event organizers, offer tailored risk assessments, and provide early-stage support. In addition, a formal debrief process was established for all events rated medium or higher on the risk scale, ensuring lessons learned were documented and integrated into

future planning. These efforts reflect a broader shift toward a more engaged and preventative risk culture across campus.

Youth Protection Program

In 2023, Risk Management contracted with Praesidium to conduct a thorough assessment of all Cal Poly and auxiliary sponsored Youth program activities that take place on or off campus, as well as events sponsored by third parties that take place on campus. The risk assessment identified opportunities on campus to create clear policies and guidelines that outline proper conduct, reporting requirements, and incident management protocols to safeguard Youth. As a result of the Praesidium risk assessment, Risk Management commenced work on establishing a Cal Poly Youth Protection Program.

In 2023 and 2024, Risk Management successfully established a President appointed Youth Protection Committee, finalized the Youth Protection Campus Administrative Policy, created a Youth Protection Program website, and produced forms and guideline resources for Program Directors, Coordinators, Staff, Volunteers, Third Parties, and Parents, Guardians and Youth with the intent to enhance accountability and promote awareness to reduce risks and uphold high standards of care. This initiative aligns with the university's broader risk management goals, ensuring the institution fulfills its responsibility to create a supportive and protective environment.

In 2023 and 2024, members of Cal Poly's Risk Management team earned certification as Praesidium Guardians, a nationally recognized credential that demonstrates adherence to best practices in abuse prevention and organizational risk mitigation. Risk Manager Mike Morgan completed the certification in 2023, followed by Risk Analyst Emily Rutherford in 2024. The course provides in-depth training on identifying abuse risk, implementing protective policies, improving screening and response protocols, and fostering a culture of accountability. This expertise directly supports the development and oversight of Cal Poly's Youth Protection Program and reinforces the university's commitment to creating safe environments for minors and vulnerable populations.

Alcohol Service Requests

The passage of Assembly Bill 1221 in 2017 established the Responsible Beverage Service (RBS) Training Program Act, requiring the California Department of Alcoholic Beverage Control (ABC) to develop and implement a training program for on-premises alcohol servers and their managers. Historically, the Cal Poly Police Department had provided training to the campus community, however, in 2023 Risk Management took over the process by contracting with Liquorexam.com to provide RBS training for the campus community.

Driver Safety

Cal Poly continues to lead the CSU in streamlined Driver Safety Program processes. In FY 2023-2024 1,715 driver applications were approved, which equates to almost 143 applications per month. Applications peak in volume in September which can be attributed to WOW drivers and the start of campus term.

Looking Ahead to Fiscal Year 2024-2025

Enterprise Risk Management and Risk Assessments

In 2024–25, Cal Poly will launch Year 1 of its ERM implementation by establishing a campus-wide framework for risk awareness and mitigation. This initial phase will focus on building foundational knowledge of ERM among leadership and key departments, formalizing governance through the creation of an Executive Committee and Working Group, and piloting risk assessments in a few departments to refine tools and begin populating a draft university-wide risk register.

Unmanned Aircraft Systems

In the coming year, Risk Management will implement the Risk and Safety Solutions (RSS) platform to centralize oversight of Unmanned Aircraft Systems (UAS) operations, including flight requests, drone registration, and pilot credentialing. The system will support activities by university affiliates and third-party operators, streamlining compliance with FAA regulations, CSU policies, and Cal Poly's safety protocols.

By digitizing UAS management, RSS will improve data accuracy, ensure proper documentation of training and insurance, and enhance transparency and risk oversight. This initiative supports Cal Poly's commitment to safe, compliant, and innovative use of drone technology in academic and research settings.

Claims Tracking

Looking ahead to 2024–2025, Risk Management will focus on strengthening claims oversight and analysis by developing a detailed internal claim tracking spreadsheet. This tool will improve the consistency and accessibility of claims data, support trend analysis, and enhance the university's ability to respond to incidents proactively. In parallel, Risk Management will continue advocating for access to the CSU's Riskconnect platform to streamline claims data management, improve visibility into systemwide trends, and support more robust reporting. While full software expansion may be contingent on future budget availability, these interim efforts will lay the groundwork for improved claims handling and strategic risk mitigation.

Alcohol Service Requests

Risk Management will partner with the Registrar's Office to integrate the Alcohol Service Request process into 25Live, the university's event management platform. This change will centralize event scheduling and alcohol approvals, simplifying the process for campus users.

The integration will reduce duplication, streamline approvals, and improve transparency by providing better tracking and oversight of alcohol-related events. This effort supports Risk Management's goal of enhancing efficiency, minimizing risk, and promoting consistent event policy enforcement.

Youth Protection Program

Risk Management will finalize the Youth Protection Program in the coming year, including selecting a software solution to manage compliance tracking, background checks, training records, and incident reporting for youth-serving activities. This system will promote consistency, transparency, and accountability across all programs involving minors.

A campus-wide communications campaign will also launch to raise awareness among faculty, staff, auxiliaries, and third-party partners. Through targeted outreach, training, and resources, the program will be embedded into campus culture, strengthening protections for youth and reinforcing Cal Poly's commitment to safety and compliance.