

RISK MANAGEMENT & INSURANCE

SAN JOSE STATE UNIVERSITY

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ABBREVIATIONS

AGPIP	Auxiliary Group Purchase Insurance Program - CSURMA
AIME	Athletic Injury Medical Expenses - CSURMA
CSU	California State University
CSURMA	CSU Risk Management Authority (a JPA)
EO	Executive Order
FD&O	Facilities Development & Operations - SJSU
FEMA	Federal Emergency Management Agency
IDL	Industrial Disability Leave
IIPP	Illness and Injury Prevention Program
JPA	Joint Powers Authority
MLML	Moss Landing Marine Laboratories
NDI	Nonindustrial Disability Insurance
ORIM	Office of Risk and Insurance Management - State Department of General Services
RFIN	Resolution, Committee on Finance (CSU Board of Trustees)
SCIF	State Compensation Insurance Fund - State Department of Industrial Relations
SCMI	Southern California Marine Institute
SJSU	San Jose State University
UI	Unemployment Insurance

INTRODUCTION

PURPOSE

Our overall audit objectives were to review: reliability, confidentiality, and integrity of information; compliance with relevant federal and state law, Trustee policy, and Chancellor's Office directives; effectiveness, efficiency, and economy of operations; and attainment of established objectives.

Within the overall audit objectives, specific goals included reviewing controls designed to assure that:

- the most significant risk exposures are addressed;
- risk management costs are controlled;
- best/prudent practices are assimilated;
- process mapping tasks and timelines are fully implemented;
- train-the-trainer investments are realizing a reasonable return;
- liabilities are not assumed due to contracts with inappropriate indemnification, inadequate insurance provisions, expired/flawed coverages, or unacceptable campus practices such as not notifying insurers of claims/incidents on a timely basis; and
- recordkeeping and reporting are adequate for program administration.

SCOPE AND METHODOLOGY

The scope of this audit covered the five steps described in Executive Order 533 and included the processes by which the campus identifies risks, evaluates their seriousness, selects the best risk management strategy/technique, implements the most appropriate technique and evaluates the results.

Fiscal year 1997/98 was the primary period reviewed. We interviewed campus personnel and tested records pertaining to this period such as: contracts and leases, insurance certificates and policy endorsements, financial ledgers, and claim-related documents/forms.

The premium assessed the campuses for participation in the Risk Pool/CSURMA is based, in large part, on actuarial assumptions and estimates of reserve requirements. In their audit of the CSU's financial statements, the public accounting firm of KPMG audited these factors and publicly stated that they agree

with the CSU's calculations. Consequently, these particular financial aspects of risk management and insurance are not emphasized in this audit.

We have not performed any auditing procedures beyond the date of our report. Accordingly, our comments are based on our knowledge as of that date and should be read with that understanding. Since the purpose of our comments is to suggest areas for improvement, comments on favorable matters are not discussed.

BACKGROUND

Prior to 1995/96, the CSU Chancellor's Office paid all liability, workers' compensation, and IDL/NDI/UI claims and related expenses. The CSU funded these liabilities on a cash basis as claims became payable. Beginning in 1995/96, the campuses became accountable for these liabilities. Funds formerly administered centrally were prorated to the campuses. A risk pool arrangement was simultaneously established as a funding mechanism for campuses to share costs while being encouraged to manage risks.

Effective January 1, 1997, after its first year and one-half of operation, the risk pool was superseded by formation of the CSURMA, a joint powers authority (JPA) governed by a board of directors. Although the CSURMA is an entity comprised exclusively of campus and auxiliary organization members, it is legally separate from the CSU. The CSURMA contracts with a third-party administrator – Sedgwick of California, Inc. Two other significant service providers under contract are the State Compensation Insurance Fund (SCIF) for administration of workers' compensation and the Office of Risk and Insurance Management (ORIM) in the State Department of General Services for handling tort liability claims.

The CSURMA adopted the goal of fully funding each year's liabilities as they are incurred and avoiding budget spikes as large liabilities become payable. Members are assessed an annual premium to cover claims and costs. Premiums are driven, in part, on deductible limits chosen by the campus.

The five main CSURMA programs are:

1. Workers' Compensation;
2. Liability;
3. NDL/IDL/UI;
4. AGPIP (Auxiliary Group Purchase Insurance Program); and
5. AIME (Athletic Injury Medical Expense).

The CSURMA was created under Board of Trustees resolution RFIN 11-96-13, which delegated to the chancellor the authority to enter into a joint powers agreement. Pursuant to Section 9.b.iv of the agreement, the CSURMA is authorized to approve any new coverage programs. CSURMA's AGPIP and AIME fall under this authorization as well as the newest program intended to provide coverage for construction claims on seven 1997/98 capital outlay projects.

Executive Order 533 issued by the CSU in August 1988 defines the steps in risk management process and the traditional means of managing risks as follows:

Table 1
EO 533 Excerpts

RISK MANAGEMENT STEPS	TRADITIONAL MEANS OF MANAGING RISKS
1. Identify the risks.	▶ Risk avoidance
2. Evaluate their seriousness.	▶ Risk transfer
3. Select the best risk management techniques to manage the risks without unduly curtailing or modifying activities necessary to the CSU mission;	▶ Loss prevention and reduction (a.k.a. risk control)
4. Implement appropriate risk management techniques.	▶ Risk retention.
5. Monitor and evaluate the results.	

The risk manager at SJSU is the director, safety and risk management, and reports through the associate vice president, human resources, to the vice president for administration. The current risk manager started in October 1998 - approximately two years after the position was established. This new position now manages liability claims, previously the responsibility of the associate vice president, financial and administrative program planning, as well as workers' compensation, environmental health, safety, and other risk concerns. Contracts and insurance issues continue to be co-managed with the director of procurement services and the associate vice president, facilities development and operations.

During fiscal year 1997/98, the campus and three of their four auxiliary organizations purchased insurance through the CSURMA. The fourth auxiliary organization, the student union, began purchasing AGPIP insurance from CSURMA in 1998/99. The largest policy premiums were for public entity liabilities, workers' compensation, and employers' liabilities. At the time of our visit, SJSU carried a liability deductible of \$100,000. The campus also opted to insure art exhibits and student interns in the College of Social Work.

OPINION

We visited the San Jose State University campus from October 12 to November 20, 1998, and audited the structure in effect at that time.

The campus' internal controls were adequate to assure that risk management is attaining increased visibility through central coordination. However, we found neither a formal policy nor specific program evaluations linking risk exposures with mitigation measures. The campus deferred some risk management initiatives to await arrival of the new risk manager. Areas that warrant attention are mentioned in the executive summary.

EXECUTIVE SUMMARY

The purpose of this section is to provide management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [] refer to page numbers in the report.

POLICY [6]

The campus did not have a formal risk management policy. Implementation of a formal risk management policy would establish a framework for risk identification, mitigation and management evaluation.

TIMELINESS IN INJURY/ILLNESS REPORTING [6]

The campus did not consistently report injuries/illness on a timely basis. Timely reporting avoids potential fines and provides opportunities to document claim-related information that might otherwise be lost.

FOUNDATION AGREEMENT [7]

The operating agreement and lease with the SJSU Foundation intended, in part, to mitigate risk exposures, had defaulted to a month-to-month extension. Timely renewal of this agreement ensures there is adequate indemnification and insurance coverage for risks transferred to the foundation.

PROOF OF INSURANCE [8]

Campus contract files did not clearly document timely review of insurance documents (including both certificates and endorsements/policy amendments) and subcontractor insurance responsibilities. Proofing insurance assures that coverage is adequate for risks transferred by contract.

EXCESSIVE PROPERTY INSURANCE [10]

The campus was insuring non-existent artwork. Developing an optional insurance strategy and assigning responsibility for implementation minimizes the risk of excessive premiums and confusion over what is and is not covered.

MLML MARINE INSURANCE [11]

Insurance coverage did not adequately cover all marine vessels assigned to Moss Landing Marine Laboratories (MLML). Obtaining appropriate marine insurance would mitigate campus liabilities outside the scope of CSURMA coverage.

UNINSURED MLML TRAILERS [12]

Leased trailers located at Moss Landing Marine Laboratories (MLML) were not properly insured. Insuring these trailers would reduce the risk of property losses.

INSURANCE ON PRESIDENTIAL LEASES [13]

The insurance limits on presidential leases were inadequate. Raising the minimum requirement would reduce the campus exposure to uninsured claims/losses.

SPECIFIC RISK MITIGATION PROCEDURES [14]

Risk exposures from field trips and student intern arrangements were not adequately addressed. Addressing these two areas would reduce campus risk exposure.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

POLICY

The campus did not have a formal risk management policy.

Executive Order (EO) 533, with an effective date of August 1, 1988, requires each campus to develop and implement a risk management policy that addresses five prescribed elements which are described as:

...an ongoing process by which appropriate campus administrators (1) identify risks, (2) evaluate their seriousness, (3) select the best risk management techniques to manage the risks without unduly curtailing or modifying activities necessary to the CSU mission, (4) implement appropriate risk management techniques, and (5) monitor and evaluate the results.

The campus associate vice president, financial and administrative program planning, attributes the lack of a formal policy, in part, to the delay in filling the risk manager position.

The absence of a formal policy leaves open the possibility for poor risk prioritization, missed risk mitigation opportunities, and inefficient/ineffective risk management.

Recommendation 1

We recommend that the campus establish a formal risk management policy.

Campus Response

We concur. The Director of Safety and Risk Management has drafted a policy to be considered and ultimately approved by the President. A final policy will be in place no later than November 15, 1999.

TIMELINESS IN INJURY/ILLNESS REPORTING

The campus did not consistently report injuries/illness on a timely basis.

In seven of ten files reviewed for active cases as of November 1998, the *Employer's Report of Occupational Injury or Illness* (SCIF form 3067) was not completed and reported within the five days allowed in California Labor Code Section 6409.1(a). After eliminating those cases with extenuating circumstances, the range of time to file the employer's report varied from 11 to 22 days. No other alternative means of insurer notification was documented.

The *Employer's Report of Occupational Injury or Illness*, form 3067, states: "California law requires employers to report within five days of knowledge every occupational injury or illness which results in lost time beyond the date of the incident OR requires medical treatment beyond first aid." This requirement is derived from California Labor Code Section 6409.1(a).

According to the workers' compensation manager, the untimely filing of reports was due, in part, to a lack of urgency. The campus associate vice president, human resources, indicated that a sequence of training modules to improve understanding of workers' compensation responsibilities had recently been implemented.

Late reporting of injuries/illnesses could result in fines assessed by state regulators. Additionally, information that might be beneficial to defending false claims could be lost.

Recommendation 2

We recommend that the campus take appropriate measures to ensure that all workers' compensation reports are filed within the guidelines mandated by California law.

Campus Response

We concur. Reporting procedures were refined and all injuries are reported to the claims administrator within 24 hours of first notice to the Office of Safety and Risk Management. Supervisor training campus wide is on going to ensure timely reporting to the Office of Safety and Risk Management.

FOUNDATION AGREEMENT

The operating agreement and lease with the SJSU Foundation intended, in part, to mitigate risk exposures, had defaulted to a month-to-month extension.

The most recent campus agreement with the SJSU Foundation covered the period of July 1, 1993 to June 30, 1998. This agreement contained a hold over clause that allowed month-to-month extensions based on the express or implied consent of the trustees. However, at the time of our visit, the campus was not progressing towards the timely execution of a new agreement.

Executive Order (EO) 533 requires inclusion of five prescribed elements in a campus risk management policy. The third element focuses on the selection of the best risk management techniques to manage risks without unduly curtailing or modifying activities necessary to the CSU mission. The fourth element addresses implementing appropriate risk management techniques in relation to campus activities. Transferring risk by agreement is an appropriate means of accomplishing the intent of EO 533.

Per the campus director, procurement services, and the foundation attorney, the agreement defaulted to month-to-month due to the need for possible changes.

A continuous, month-to-month extension on the foundation agreement may create the impression that the auxiliary organization is not a separate entity for purposes of claims/litigation; this could result in financial consequences and liability to the campus. Failure to execute the renewal agreement on a timely basis also delays updating the terms and conditions including provisions for indemnification and insurance.

Recommendation 3

We recommend that the campus renew the foundation agreement far enough in advance to avoid month-to-month extensions.

Campus Response

We concur. The Foundation chief operating officer had been working on a proposal that resulted in changes to the operating agreement. The Foundation and University will execute a new long-term agreement no later than June 30, 1999.

PROOF OF INSURANCE

Campus contract files did not clearly record the timely review of insurance documents (including both certificates and endorsements/policy amendments) and subcontractor insurance responsibilities.

Tests of fifteen contract files and five presidential leases for 1997/98 indicated that missing documents and information consisted of:

- ▶ Lapsed/missing certificates of insurance (6);
- ▶ No policy endorsements (17);
- ▶ Naming all additional insureds (3);
- ▶ No documentation that the insurer's rating was checked in the A.M. Best guides (20);
- ▶ No indication that the signature on the insurance certificates was checked and that the person signing the insurance certificate was authorized to bind the insurer (18); and
- ▶ Contractor representations on insurance arrangements for subcontractors were excluded (6).

The January 1993 Sedgwick publication entitled *Insurance Requirements in Contracts: A Procedure Manual for CSU Risk Pool Members* addresses proof of insurance as follows:

As proof of insurance, most insurance agents and brokers will provide a document called a certificate of insurance. Issuance of a certificate serves as evidence that the contractor has a policy of insurance. However, the certificate does not modify the policy itself. It does not guarantee that the required policy provisions are in place. Nor does the certificate tell the reader what exclusions or limitations may be found in the contractor's insurance policy. Therefore, you must receive and review a copy of the policy or an endorsement

amending the coverage to make sure that the actual coverage required is in effect. You should make every effort to obtain and review the endorsement or actual policy before work begins pursuant to the contract.

You should require that insurance be placed with companies that have an A. M. Best's rating of at least A:VII unless specific approval for a lower rating has been granted by you.

An additional nuance in construction-type contracts involves subcontracted work. Section 4.05.c of the contract general conditions states that:

The contractor shall either require subcontractors to carry the insurance or the contractor shall insure the activities of the subcontractors in the amount of the insurance required under this article. If the contractor elects to have its subcontractors purchase individual insurance policies, the contractor shall cause its subcontracts to include a clause requiring that copies of any insurance policies, which provide coverage to the work, shall be furnished to the trustees upon request. The contractor shall supply the trustees with a list of all subcontractors showing whether or not they have individual insurance policies and certifying that those subcontractors without individual insurance policies are insured by the contractor.

The campus director, procurement services indicated that the campus president had delegated authority to execute capital outlay contracts to facilities development and operations (FD&O). Therefore, the complete set of contract documents including insurance certificates, bonds, etc. are maintained in FD&O. As to insurance policy endorsements, the director procurement services said that campus purchasing and FD&O personnel had attended two 1997/98 training sessions where the CSU risk manager had indicated that such endorsements were required only on major capital outlay projects. For minor capital outlay projects and other contracts, the training indicated that it was sufficient to have the trustees and campus added to the insurance certificate as additional insureds. On reviewing insurance certificates to verify that the signatory was authorized to bind the insurer, the campus indicated that this requirement was not covered in training. For subcontractor insurance, the campus indicated that Section 4.05(c) was just added to the contract general conditions in March 1998 and they have incorporated the changes into their documents.

Incomplete or untimely insurance documents create an environment where the campus cannot assure there is adequate indemnification and insurance coverage for risks assumed to have been transferred through contract.

Recommendation 4

We recommend that, for policies that will expire and be renewed during the contract performance period, the campus strengthen procedures to ensure that insurance certificates and policy amendments are in place and checked prior to the start of contract activity and at appropriate intervals thereafter.

Campus Response

We concur that procedures be strengthened, however we do not concur with the level of detail recommended in the text of the description on this item. It is improbable, nearly impossible to spend the amount of time that would be required to verify authorization of persons signing certificates of insurance. The recent CSURMA training on Liability and Insurance recommends rather that certificates be reviewed for consistency. The Director of Safety and Risk Management will collaborate with the Director of Procurement Services and the Associate Vice President for Facilities Development and Operations to strengthen the insurance certificate tracking, review and procedures. This task will be accomplished by August 30, 1999.

EXCESSIVE PROPERTY INSURANCE

The campus was insuring non-existent artwork.

The CSURMA has been assessing the campus premiums for optional property insurance. In 1997/98, the campus was assessed a property insurance premium of \$5,285 for a permanent fine arts collection valued at \$880,794.

The campus associate vice president, financial and administrative program planning, determined that the artwork belonged to the student union. A list of the artwork was obtained from Sedgwick and given to the student union. An invoice was issued to the student union for their insurance coverage that they paid. The union estimates the value of their collection at a maximum of \$150,000. The union administrative services manager indicated that they currently insure their artwork through their CSURMA AGPIP (Auxiliary Group Purchase Insurance Program) policy.

Executive Order 533 requires the campus to implement appropriate risk management techniques and monitor and evaluate the results. This would include insuring against losses.

The campus associate vice president, financial and administrative program planning, never fully reconciled insurance premiums to underlying assets/property due to a lack of prior documentation. Invoices were sent, with lists of property to be covered, to various departments for payment. None of the departments disputed the property lists. Additionally, there was confusion as to the process for changing from the Office of Risk and Insurance Management (ORIM) to Sedgwick, and in Sedgwick consolidating multiple policies to a common coverage period ending on a fiscal year basis.

Any breakdowns in managing optional insurance activity create an environment for excessive premiums, inequitable financial responsibilities, and confusion over claims for reimbursement.

Recommendation 5

We recommend that the campus reassess their optional property insurance needs and ensure that future premiums relate to planned coverages.

Campus Response

We concur. The policies will reflect an updated list of property upon renewal.

MLML MARINE INSURANCE

Existing insurance coverage did not adequately cover all marine vessels assigned to Moss Landing Marine Laboratories (MLML).

There were nineteen boats at MLML, including two in storage, with varying degrees of insurance coverage (see Tables 2 and 3 below). MLML is a consortium of six CSU campuses administered by SJSU. MLML has both an instructional program and a component for sponsored research activity. Research sponsors, the SJSU Foundation and the campus own the boats at MLML.

Marine operations have special insurance requirements. The SJSU Foundation has marine insurance on certain boats and for selective types of coverage. The CSU Risk Management Authority (CSURMA) insures boats for liability based on size (less than 26 feet in length) and engine power (smaller than 25 horsepower). Anything larger requires separate, special purpose coverage. In addition to the larger boats, special CSURMA coverage is necessary for property damage and workers' compensation of dockhands or employees who are primarily "on the water."

The SJSU Foundation maintains marine insurance coverage as follows:

Table 2
Three MLML Marine Insurance Policies
SJSU Foundation

	Ed Ricketts	Point Sur	John Martin	Ridge-Way	Boston Whaler 1	Boston Whaler 2
Protection & Indemnity Risks Including Collision Liabilities	X	X	X	X	X	X
Third Party Scientific Equipment of Others	X	X	X	X	X	X
Medical Payments	X	X	X	X	X	X
Hull & Machinery Coverage			X	X	X	X
Towing and Salvage Charges	X	X	X	X	X	X
Excess Protection & Indemnity Including Collision - \$14 million limit	X	X	X			
Pollution Liability - \$5 million limit		X				

In addition to the above list, personnel at MLML indicated that the following five boats are typically powered by outboard engines in excess of 25 HP:

Table 3
Uninsured MLML Boats

	CF #	Reg #	Hull #
Blue Whaler	CF 0839XS	F-216652	3A4126
White Whaler	CF 1120XS	F-216651	BWCA53520173
Glaspar	CF 0835XS	F-216646	16A524
Slough Boat	CF 1659XS	F-216649	SJSC82520
Livingston	CF 2100XS	F-216648	IBC26256M82K

The CSU also has a Southern California Marine Institute (SCMI). Insurance for SCMI includes separate coverage for indemnification of full and part-time crew, diving operations, and wharfingers' legal liability.

MLML and SCMI operations are not dissimilar and should have comparable insurance coverages. We believe that the confusion in coverage is due to the involvement of multiple insurers and several different organizations obtaining the insurance coverage.

Obtaining appropriate MLML marine insurance would reduce and mitigate campus liabilities outside the scope of CSURMA coverage.

Recommendation 6

We recommend that the campus identify marine insurance requirements and obtain appropriate coverage.

Campus Response

We concur. The Director of Safety and Risk Management will research coverage options for these vessels. Where appropriate, coverage will be placed by June 30, 1999.

UNINSURED MLML TRAILERS

Self insuring the trailers at Moss Landing Marine Laboratories (MLML) is an unnecessary risk exposure.

Due to damage at MLML from the October 18, 1989 Loma Prieta earthquake, the campus leased 21 temporary trailers from two different lessors, the Monterey County Board of Education (15 trailers) and GE Capital Modular Space (6 trailers). The lessors apparently accepted self-insurance as adequate to meet the insurance requirements in the leases.

At the time when the original leases were executed, the former campus director, procurement services made a business decision not to obtain trailer insurance. Since that time, the Northridge campus has had experiences with trailer leases in an earthquake recovery situation similar to San Jose. Northridge insures each trailer with a \$1,000 deductible. Northridge's manager, risk management and insurance, indicated that they have an agreement with the Federal Emergency Management Agency (FEMA) that the campus will be reimbursed for the insurance premiums.

Recommendation 7

We recommend that the campus obtain insurance for the leased trailers at MLML.

Campus Response

We do not concur. The option of reimbursable insurance fees was not available at the time these trailers were leased, to the best recollection of current staff. A cost-benefit analysis was performed when the trailers were leased and the decision was made to not procure specialized insurance. The Director of Safety and Risk Management will investigate the option of purchasing FEMA reimbursable insurance. This investigation will be completed June 30, 1999.

INSURANCE ON PRESIDENTIAL LEASES

The insurance limits on presidential leases were inadequate.

In 1997/98, the campus wrote 23 presidential leases to cover use of campus facilities by off-campus groups. The standard lease language requires the lessee to provide only \$500,000 in liability coverage and \$50,000 property insurance.

The January 1993 Sedgwick publication entitled *Insurance Requirements in Contracts: A Procedure Manual for CSU Risk Pool Members* indicates, in principle, that insurance limits should be fit to the situation. It further states that:

- It is a common practice among businesses to underinsure; and
- A \$1 million limit is generally a minimum practical amount, although it is actually too low.

According to the director, procurement services, the campus event scheduler initiates presidential leases and secures insurance documentation from off-campus groups. The event scheduler works closely with academic sponsors and off-campus groups to execute these transactions. The purchasing office, therefore, does not give risk exposures on presidential leases the same degree of attention as other types of contracts.

If presidential leases are underinsured and a loss occurs, the campus would be responsible for bearing a financial responsibility for claims/losses.

Recommendation 8

We recommend that the campus increase insurance requirements on presidential leases to a minimum of \$1 million.

Campus Response

We concur. A notice will be sent from the office of Safety and Risk Management that, effective July 1, 1999, insurance limits are raised to \$1 million.

SPECIFIC RISK MITIGATION PROCEDURES

Risk exposures from field trips and student intern arrangements were not adequately addressed.

Executive Order 533 includes selection and implementation of appropriate risk management techniques. Other campuses in the CSU have requirements for field trips and student intern arrangements intended, in part, to mitigate risk exposures.

Field Trips

The campus does not have a field trip policy or procedure. The associate vice president, institutional planning and academic resources, indicated that field trip prerequisites had always been left to the discretion of individual departments.

Field trips involving students are often an essential part of academic course work. However, there are a number of risks associated with field trips that must be addressed through appropriate risk mitigation strategies such as:

- Ensuring that the trip is a mandatory course requirement so there is no question of coverage on student travel accident policies;
- Requiring that the field trip be limited to certain authorized participants who sign hold harmless agreements;
- Ensuring that trip leaders understand what to do if something goes wrong;
- Arranging transportation by individuals who have valid driver's licenses and are authorized to use their vehicles only if properly insured; and
- Stipulating the types of safety precautions and instructions delivered to participants.

Student Intern Arrangements

The campus does not have a uniform policy regarding student internships. Instead, each department develops its own policy. Existing contracts between the campus and the sponsors indicate that the student is responsible for obtaining professional liability insurance and providing proof of coverage to the sponsor.

Campus departments have various arrangements with sponsors (e.g., local companies, hospitals, or school districts) whereby students receive experience in their discipline by working in the community. Two examples include student teachers and student nurses. These sponsors require the students to obtain professional liability insurance.

Most areas of the campus, notably the departments of occupational therapy and nursing in the college of applied arts and sciences and the college of education, require the student intern to obtain the insurance and provide evidence of coverage to the sponsor.

One college (social work) assesses the students a \$20 fee when they are interning. The college then obtains a group policy, renewed on an annual basis, for student interns and faculty field liaisons. The liability limits of this policy are \$1 million for each wrongful act and \$1 million aggregate.

In 1997/98, the college of social work policy covered 12 faculty field liaisons and 276 students at a premium of \$4,026.

The differences in insurance methodology for student interns is significant because, on one hand, some departments obtain direct assurances that appropriate insurance is in place, while other departments assume students have coverage, although they have not received verification or feedback. The risk exposure in the latter approach is inherently greater and could result in some campus liability if the students do not properly insure themselves and indemnify all the required additional insureds.

The history of inaction or disparity in approach regarding both field trips and internships leaves the campus vulnerable to risk and liability settlements in prospective claims/litigation.

Recommendation 9

We recommend that the campus review field trips and student intern arrangements to develop consistent and specific risk mitigation strategies appropriate to each of these respective activities.

Campus Response

We concur. The new Director of Safety and Risk Management presented the project goals for 99/00 to the Provost's Council of Deans. The Director of Safety and Risk Management will work with the Office of the Provost, and the appropriate Deans and Department Chair to identify programs which have internships and field trips. Procedures for each situation will be developed and releases, contracts and/or insurance will be identified. This effort necessarily will require time, careful attention and review before procedures are published. Anticipated completion date is December 1999.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Robert Caret	President
Ric Abeyta	Chief of Police
Terry Applegate	Clerical Assistant – College of Social Work
Virgina Barnes	Accounting Technician/Property Officer
Shawn Bibb	Director, Accounting & Systems and Technology
Dan Buerger	Executive Assistant to the President
Edd Burton	Associate Vice President, Institutional Planning & Academic Resources
Jim Cellini	Director, Student Life Center
Barbara Coats	Director, Safety & Risk Management
Elyrose David-Sanchez	Academic Scheduling Supervisor
Alfonso De Alba	Executive Director – Associated Students, Inc.
Gustavo De La Torre	Associate Vice President, Human Resources
Jean Fong	Accounts Payable Manager
Chris Hightower	Event Coordinator – Student Union, Inc.
Chris Jasper	Workers’ Compensation Analyst
Daniel Johnson	Associate Vice President, Facilities Development and Operations
Larry Jones	Maintenance Worker – Moss Landing Marine Laboratories
Mary Jones	Industrial Hygenist
Don Kassing	Vice President for Administration/Chief Financial Officer
Kristin Kelly	Administrative Services Manager – Student Union, Inc.
Barbara Keltner	Contract Administrator
Lynne Liptz	Manager, Workers’ Compensation
Rose Lee	Associate Vice President, Financial & Administrative Program Planning
Wendith Lewandowski	Clerical Assistant, Public Affairs
Carolyn Lewis	Associate Athletic Director
Norma Lorigo	Director, Procurement Services
David Neel	Chair, Aviation
Bill Petchauer	Director, Business & Finance – SJSU Foundation
Norma Rossiter	Business Services Manager – SJSU Foundation
Ana Russo	Accounting Technician
St S. Saffold	Associate Vice President, Student Affairs
Paul Siegel	Manager of Accounting/Cost
Richard Staley	Manager, Emergency Preparedness/Alternate Transportaion
John Troyan	Accounting Manager – SJSU Foundation
Linda Vasquez	Senior Director, Business Operations
Sally Veregge	Chair, Biological Sciences
Nancy Wu	Administrative Program Planning Coordinator