

Providing Value-Added Risk Management

Accomplishing Operational and
Strategic Goals

TEXAS WOMAN'S UNIVERSITY

DENTON ♦ DALLAS ♦ HOUSTON

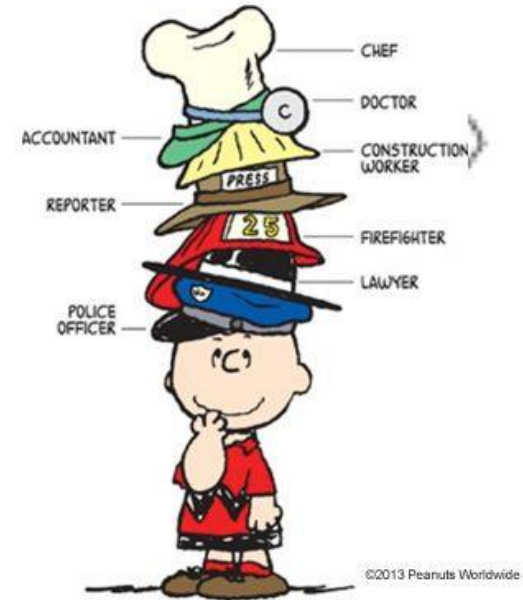
Agenda

- Our Background
- Early Successes and Value-Added Risk Management
- Q&A

Our Background/Story

Risk and Safety as an Additional Duty

- The first Safety Officer for TWU was in 1970s
- This was an additional role held by a Police Officer
- Occupational safety and environmental safety were not addressed in a comprehensive way



Decentralized Risk Financing

- TWU allowed departments to purchase their own insurance
 - Multiple brokers for institution
 - Duplicate policies and coverage
 - Increasing costs to institution
 - Policies were not strategically aligned to meet operational needs



Health and Safety Under Facilities

- In 2009, the university hired a Director of Environmental Health and Safety that took on the following roles:
 - Occupational safety programs
 - Life safety programs
 - Emergency preparedness and business continuity programs
 - Lab safety program
 - Hazardous waste program
 - Bloodborne pathogen and radiation safety programs
- Only one person for EH&S until 2013 when two additional FTEs were provided (1-EH&S Coordinator and 1-EH&S Technician)

Emergency Management Has to Prove Worth

- In May 2015, TWU hired a Director of Emergency Management that was on a 12-month appointment and reported directly to CFO
 - Provided space in DPS
 - Given small budget
 - Given 12 months to prove EM's necessity for permanent program



Risk Takes Priority at the University

- June 2015, Director of EM reviewed property and auto policies and discovered that the University was paying comparable premium to larger universities for similar coverage
 - Discovered not using SORM programs
 - Discovered that broker used had been with university for over 20 years
- September 2015, University made switch to SORM program for property and auto
 - Saved university over \$400,000 in premium

Establishing Department of Risk

- Proposed in January 2016
 - Looked to pull units together that frequently identified, controlled, and financed risk
 - Looked at and evaluated other universities as models
 - Demonstrated the potential additional savings through risk control and financing strategies
- Proposed bringing the following units together:
 - Risk services (Risk analysis and financing)
 - Environmental Health and Safety
 - Emergency Management
 - Business Continuity

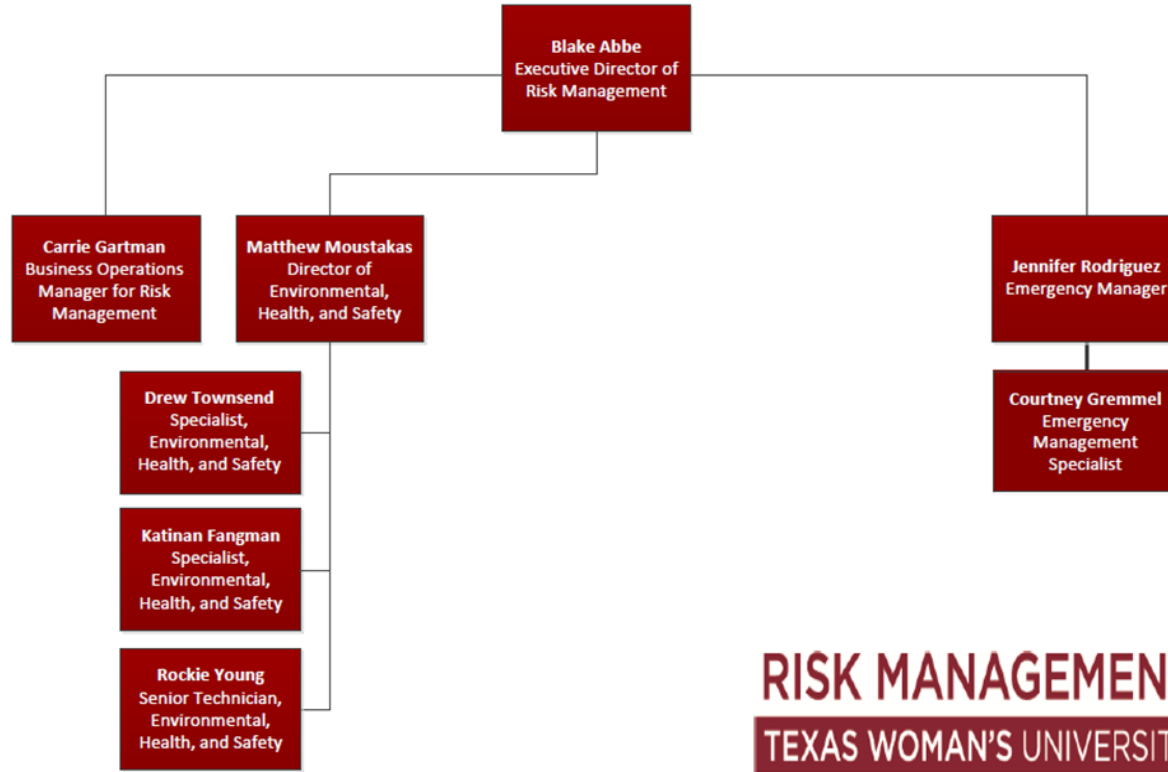


Establishing Department of Risk

- April 2016 VP of Finance and Administration charged me with finding space and creating the first budget for the department.
 - Provided a space plan to VP of Finance and Administration with quotes for renovations
 - Provided budget for new department's needs
- June 2016 VP of Finance and Administration authorized work on renovations and formally established Department of Risk Management
- August 2016: Moved into new renovated space in Old Main
- October 2016: Began hiring staff for the department

Establishing Department of Risk

- February 2017 began development of strategic plan
- March 2017 bid out for a new broker for Insurance and Risk Management Services
- March 2017: Developed and began implementing lab inspection program
- March 2017: Developed and began accident investigation program
- April 2017 selected new broker
- April 2017: Received authorization from VP of Finance and Administration to create a risk retention fund with premium savings
- May 2017: Complete and finalize strategic plan



Successes and Value-Added Risk Management

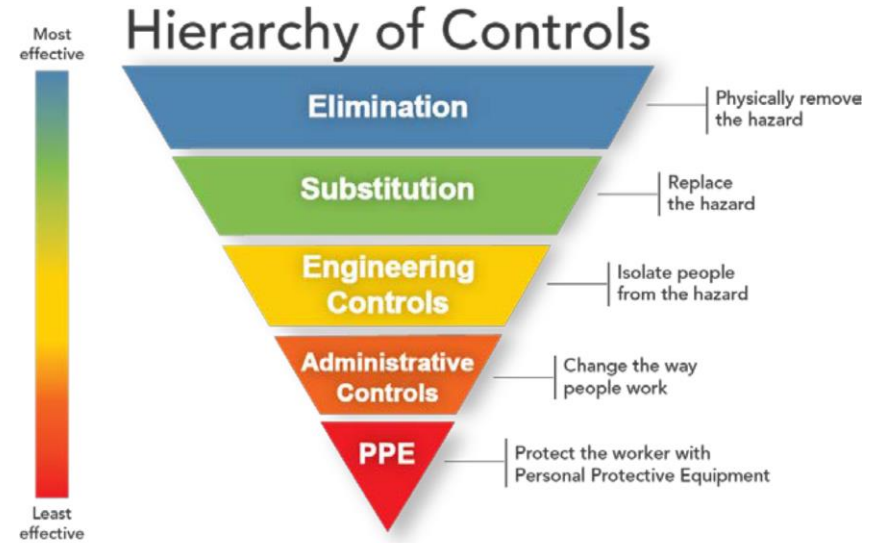
Make Risk Management More Than Insurance

- Operational Risks
 - What could slow production?
 - Are we being efficient with our resources?
- Physical Risks
 - Assets and their locations
 - Location of facilities and the perils that exist (Ex: Hail and roof damage)
 - People and their interaction with their work environment
- Strategic Risks
 - Look for premium savings
 - Reduce losses (Both direct and indirect)



Make Risk Management More Than Insurance

- For each risk have at least one method of financing it and one method for controlling it.
- To gain support for a risk control, relate benefits to the department or area in which you are needing their support.



Tying Risk to Strategic Initiatives

- Aligning department's strategic plan with university's initiatives
- Finding the pathway to Yes
 - Example: Faculty wanting to take students to do health profession work internationally
 - Example: University wanting to grow its international footprint
 - Example: Expanding enrollment yet tight budget for building new buildings and major renovations



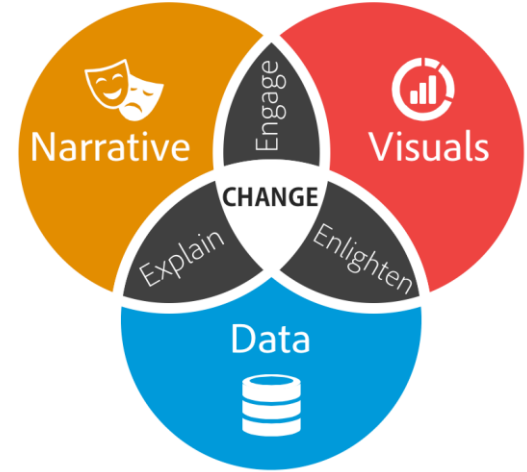
Tying Risk to Strategic Initiatives

- Connect risk strategies to measurable outcomes.
- Make the process flexible and adaptable to changes
- http://bit.ly/TWU_RMStrategy



Supporting Operational Decisions

- Critical to identify data that is important to the organization
- Turn data into information that is powerful
 - Have the data tell a story
 - Example: Worker's Compensation data and custodians
 - Custodians consist of 52% of our claims paid in last two years
 - 27 custodians turnover in last two years
 - Added cost of custodial operations is approximately \$172,000 over the last two years (Just claims paid and turnover cost, does not include productivity lost during injury)



Generate Revenue and Increase Operational Efficiency

- Reducing the Total Cost of Risk to the organization
 - Look for premium savings
 - Reduce losses (Both direct and indirect)
 - Transfer risk when possible
 - Allocate risk to departments (Provide visibility of cost)
- With money saved, build a retention fund
 - Start a fund from savings collected from lowering the total cost of risk.
 - Have accounting set up the fund allowing it to collect interest and become an investment
 - Eventually, use excess as incentive for risk control projects

Generate Revenue and Increase Operational Efficiency

- Make sure you are investigating each loss and agreeing to corrective actions with those involved
 - Use cheap tools to aid in the process (Ex: Google Forms and Sheets)
 - http://bit.ly/TWU_Incident_Report_Form
 - <http://bit.ly/TWUInvestigation>



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