POLICIES AND PROCEDURES

Subject: Risk Management and Property Casualty Insurance  Policy No. 721
Date: 07/2019

This policy defines the steps to be taken for risk management. Risk Management guidance is designed to identify and evaluate risks to which Cal Poly Pomona Philanthropic Foundation may be exposed, reducing or eliminating losses from injury to persons, damage to property and costs incurred in the defense of lawsuits through appropriate management action. Risk Management is also concerned with preservation of assets and protection against loss of earning power.

The Foundation risk management policy includes identification and evaluation of risk factors: 1) property (i.e., crime, earthquake, fire, and flood) and 2) casualty, (i.e., D&O professional, liability, general and excess liability). Insurance coverage is purchased to establish a framework within which the Foundation's services, programs and activities, can be effectively managed.

BACKGROUND

The Foundation has long practiced a conservative approach to risk management and has transferred risk of identifiable hazards to insurers through purchase of comprehensive insurance coverage. This approach and the practices to implement it are integrated into the Foundation's operations.

Section 8.7, "Risk Management," of the Manual of Policies and Procedures for Auxiliary Organizations of the California State University identifies the need for clarification of risk management policy and practices on the campus by and between the university and its auxiliary organizations, especially in the case of joint programs or activities.

On October 27, 1999, the Chancellor issued Executive Order No. 715, which recognized risk management as an essential program of the CSU system. This Executive Order defines the subject of Risk Management on a broad policy statement for the CSU system.

POLICY
The Foundation recognizes its role of stewardship over physical assets, which are used to establish
trusts, as well as stewardship of Foundation resources. This responsibility requires due concern
for the safety of members of the public who make use of Foundation services, projects, or programs.

I. Loss Prevention

The Foundation recognizes its responsibility to ensure appropriate deductibles are
determined by the Chief Executive Officer with due consideration of insurance market
conditions.

II. Cooperative Programs

The Foundation will remain alert to opportunities for cooperative action with other entities
when such cooperation is mutually beneficial in treatment of risks requiring special
consideration, cost and service. Any such cooperative activity shall be evaluated by the
Foundation Chief Financial Officer (CFO) and other Foundation staff as necessary. The
final determination for the course of action shall be reviewed and approved by the Chief
Executive Officer.

III. Management of Risks

The management of risks of loss to the Foundation under the above policy shall be the
responsibility of the Chief Financial Officer (CFO). It is the duty of the CFO to identify risks,
determine the means of eliminating, abating, transferring, or accepting these risks and
advise the Chief Executive Officer on these considerations.

When the Foundation cannot eliminate or economically withstand a risk of loss, insurance
shall be purchased to cover the risk. The form and sufficiency of various policy limits for
protection of the Foundation shall be determined by Chief Financial Officer (CFO) in concert
with the Chief Executive Officer.

IV. Management Standards/Guidelines

The Risk Management program is implemented consistent with this policy statement.
Written program guidelines include criteria to identify hazards and risks for analysis such as
the following:

1. Annual review of scope of coverage and the limits of insurance policies in relation
to activities and liability exposure; including annual review of Insurance Survey
endorsed by broker and Insurance Committee;

2. Quantification of activities, services, and support activities in which the
Foundation is involved;

3. Minimum insurance coverage and limits by types of authorized activities;

4. Activity relationships in which there is or may be joint or shared responsibility and
liability with respect to contracts, programs or services between the Foundation and
or other entity; and
5. The exclusion of risks or activities which the Foundation is clearly unwilling to undertake under any and all conditions, including those which may be prohibited or pose such a high degree of risk as to jeopardize the feasibility of the activity or constitute a threat to the Foundation.

The following program elements for risk management are integrated into the Foundation’s operations:

1. Annual review of scope of coverage and the limits of insurance policies in relation to activities and liability exposure;
2. The ability to partially or entirely self-insure risks, as areas of risks are discovered or determined;
3. Monitor and maintain insurance coverage as assets are acquired or disposed of and claims are processed;
4. Conduct of routine inspections and inventory of physical assets;
5. Identification of areas and activities involving joint/shared risk, (i.e. pooling of risk);
6. Observe implementation of safe practices;
7. Institute disciplinary measures to insure implementation of risk management.

V. Program Practices

Foundation management shall establish and maintain documented risk management practices such as:

1. Analysis of new activities (especially assumption of contractual liability) in terms of risks;
2. Periodic review of risks, exposures, activities, and properties;
3. Assessment of risk exposure on and off premises, in operations, through contracts, and with avoidance/prevention efforts;
4. Accident/loss monitoring;
5. Submission of civil law suits or potential litigation issues to insurance company for bodily injury, property damage, personal injury, contractual disputes or advertising injury to investigate and defend for which excess and umbrella liability insurance coverage apply;
6. Systematic claims assessment to insure claims are properly administered;
7. Information dissemination to Foundation projects related to risks;
8. Assessment of risk management as a component of management performance.
VI. Program Organization

The Chief Executive Officer in concert with the Chief Financial Officer (CFO) may periodically identify how the Risk Management Program is to be organized including:

a. Appropriate delegation of authority;

b. Performance of program duties and task assignments;

c. Role of risk management counsel.