

**University of California
Be Smart About Safety
Program Guidelines**



Table of Contents

Table of Contents	1
Program Guidelines	2
Approval Tree (Appendix A).....	6
Frequently Asked Questions (Appendix B).....	7
Loss Mitigation Plan Based on Analysis of Claims (Appendix C).....	12
Cost/Benefit Analysis of the University Loss Mitigation Plan Based on Hazard Vulnerability Assessment.....	13

Note: The BSAS Application for is located in a different pdf file.



University of California Be Smart About Safety Program Guidelines

Introduction:

Be Smart About Safety (BSAS) is a safety and loss prevention program that was initiated through the University of California Office of the President, Risk Services (OPRS) in July 1, 2006. The program is designed to increase awareness of employee safety and provide a funding mechanism that allows the campus and medical centers to invest in loss prevention programs and efforts in order to reduce the number of employee injuries. Since the implementation of Be Smart, the campuses and medical centers have been investing Be Smart dollars into prevention and loss control and the Workers' Compensation program has experienced a decrease in the frequency of new claims and an overall reduction in workers' compensation rates.

Due to the success of the Be Smart in the Workers' Compensation program, OPRS is expanding the program to address safety and loss exposures in other risk management programs, including auto, employment practices liability, general liability and property.

Definition:

Loss prevention (LP) is the act of taking proactive measures to prevent or abate an identified risk. This can take the form of improved safety and training programs; implementation of new, less hazardous processes; programs/projects to reduce injuries and property loss; and/or general safety enhancements.

Loss control (LC) is the act of reducing loss severity by identifying the factors that magnify or prolong a loss and taking proactive measures to lessen the effects of those factors.

Program Intent:

Each year OPRS allocates a percentage of its total budget to fund proactive (LP) and (LC) projects at the campus and medical centers. This funding is intended for projects intended to reduce the frequency and severity of potential loss in the areas of workers' compensation, automobile liability and physical damage, employment practices liability, general liability and property.

Steps to Apply for Funding (See Attachment A, Flowchart):

Campuses and medical centers must complete the "University of California Be Smart About Safety Funding Application" form for their project proposals. Proposals can be submitted from any department and departments with high risk exposures, such as emergency planning, police chiefs, housing and dining and facilities are encouraged to apply. The form is available at the OPRS website on the Be Smart About Safety page: <http://www.ucop.edu/riskmgmt/bsas/welcome.html>

Project proposals that address areas of risk relating to Workers' Compensation should be submitted to campus or medical center Environment, Health and Safety (EH&S) and Workers' Compensation Manager.

Project proposals that address areas of risk relating to liability or property should be submitted to campus or medical center EH&S and Risk Managers.

Approvals:

Depending upon the area of risk that the proposal addresses, the proposal must be reviewed and approved by EH&S, workers' compensation managers and/or risk management at your location. You must also obtain the approval of the head of your administration or finance department and must also comply with any location-specific requirements that may be in place.

Completing the Application:

1. Define the problem and develop a plan to mitigate the risks. LP/LC Plans should be well-developed and clearly demonstrate direct or indirect savings that will be realized as a result of implementing the LP/LC Plan. LP/LC Plans that do not meet this requirement may be denied or returned to the applicant for additional information or relevant justification.

Because funding is limited, proposals that are solidly based on statistical loss history or a defensible risk assessment, which includes mitigation of risks as identified in Appendix C, the Analysis of Claims or mitigation of hazards as identified in Appendix D, the Hazard Vulnerability Assessment (HVA), will receive priority when being considered for funding. (Proposals are not limited to the mitigation suggested in Appendix C and D.) OPRS tracks loss history for all of the University campuses and medical centers and can produce specific loss reports upon request. For example, if you want to determine how many motor vehicle accidents have occurred when employees have been backing up a vehicle, OPRS can produce a report with that data.

2. Contact your campus or medical center EH&S, Workers' Compensation or Risk Management office for assistance in developing a LP/LC Plan, to receive a copy of the your loss history, or to schedule a Risk Assessment evaluation if needed. Your EH&S, Workers' Compensation or Risk Management representative can also assist you in determining if your LP/LC plan is appropriate for Be Smart funding.
3. Review your plan with your Supervisor or appropriate department representative to assure that management will support your plan and provide any additional funding that may be necessary if the plan exceeds the Be Smart funding limit.
4. Complete an application and attach an itemized estimate for the LP/LC Project proposal including equipment, materials, services, and other costs. You may also attach one page of appropriate supporting documentation.

5. Submit these to your EH&S office (for LP proposals), Workers' Compensation office (for workers' compensation LC proposals) or Risk Manager (for all other related LC proposals) for initial review and approval. If the LP/LC proposal is approved at the campus or medical center level, it will be forwarded to OPRS for review and final approval. Proposals that are not approved should also be forwarded to OPRS for recordkeeping.
6. Send all applications and supporting documentation to:

UCOP Risk Services
Attn: Robin Neal
1111 Franklin Street, 10th Floor
Oakland, CA 94607
7. OPRS will send a written approval or denial for your LP/LC project proposal to your campus or medical center EH&S office, Workers' Compensation Manager or Risk Manager who will notify you of the results.

Please note: UCOP Risk Services would like to receive all initial applications by June 1st of each year. However, applications will be accepted throughout the fiscal year until all funds have been requested and approved for use.

Expenses Not Eligible for BSAS or LP/LC Funds

1. LP/LC funds are not intended to supplement program budgets. Expenses such as general operating supplies, personal protective and safety equipment which is required by law or regulation and travel expenses (with limited exception for train-the-trainer safety education) will not be funded.

It is the responsibility of departments to plan for and achieve minimum health, safety, and security requirements necessary for their operation. This includes safety supplies and equipment necessary for start up of new programs as well as budgeting for replacement. Most operations are highly regulated and have associated best management practices that must be adhered to. Your campus or medical center environment, health and safety, Workers' Compensation and Risk Management representatives are available to assist you in determining these minimum requirements.

2. Deferred maintenance corrections may be eligible for funding under Be Smart if the predominant purpose of the correction is to address an issue of life safety and LP/LC.
3. Capital improvements may be eligible for funding under Be Smart if the predominant purpose of the improvement is to address an issue of life safety and LP/LC.

4. LP/LC funds may not be used to pay salaries or wages for existing positions. They may be used to fill new career positions; for more information, see the Be Smart FAQ or contact the OPRS EH&S Director or Workers' Compensation Risk Manager.

How to Receive Payment:

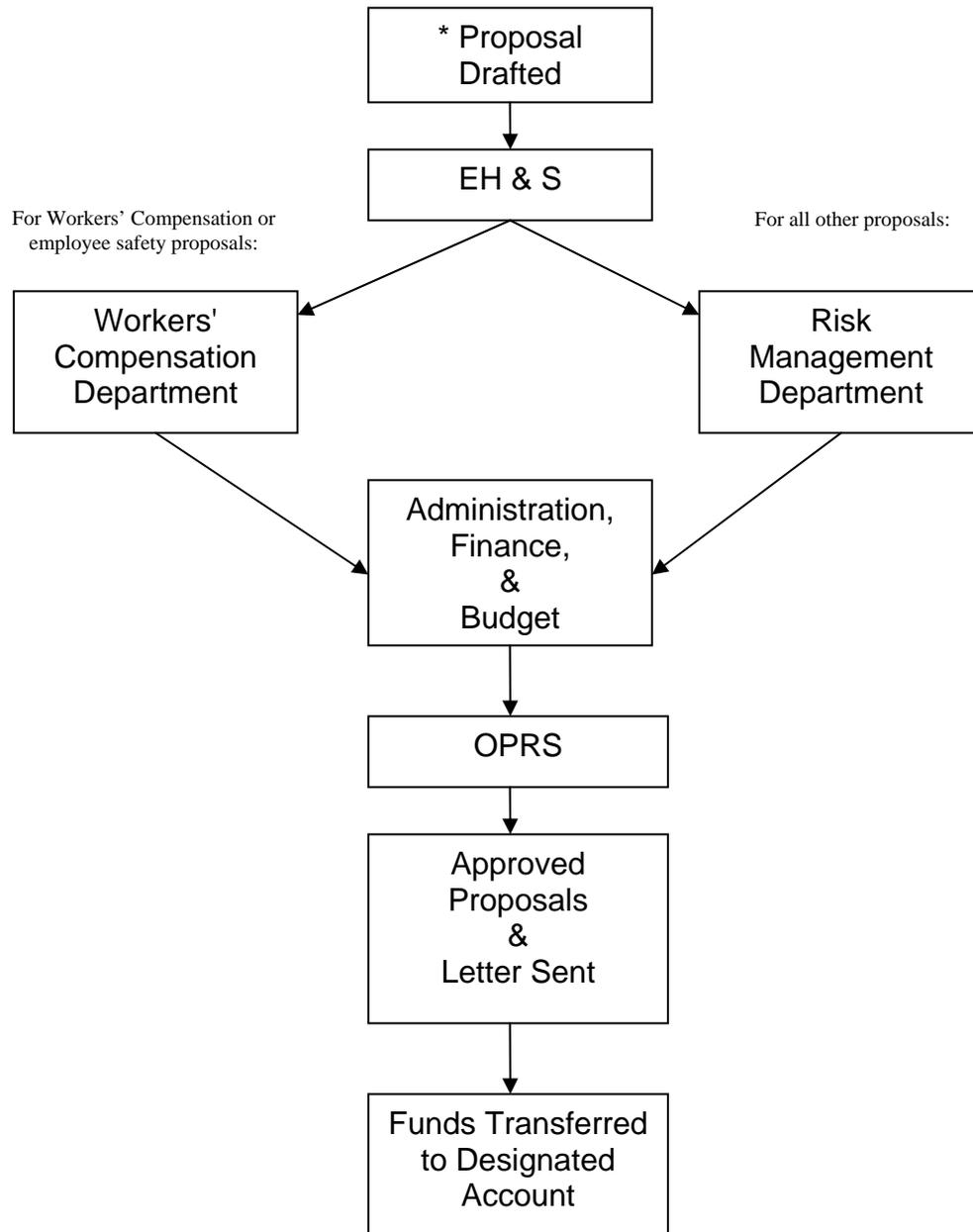
OPRS will reimburse or initially fund your account for approved LP/LC project expenses.

For specific questions, please refer to the “**Be Smart About Safety Frequently Asked Questions**” document (Appendix B)

If you have further questions, please contact the Environment, Health & Safety Director, the Workers' Compensation Risk Manager or the General Liability Risk Manager at the Office of the President, Office of Risk Services.

Appendix A

BSAS Approval Tree



* Proposals must comply with any location-specific requirements that may be in place.

Appendix B

Be Smart About Safety Frequently Asked Questions

What is Be Smart About Safety BSAS?

Be Smart About Safety BSAS is a funding mechanism that allows locations to invest in loss prevention and loss control measures to reduce their cost of risk as it relates to employee safety and well being, liability exposures and the assets of the University. This program is similar to the mechanism that would be available if the University used a commercial insurance program.

Why should my location participate in the Be Smart program?

All locations should participate in the Be Smart program for several reasons:

- The Be Smart program provides the locations with funding for loss prevention and loss control programs that were not available prior to the inception of Be Smart.
- Participation in the Be Smart program has a direct impact on the locations' insurance accrual rate premiums. Investing in loss prevention and loss control will reduce the locations core premiums, as the actuary provides a rate discount to those locations who participate in the Be Smart program.
- Investing in loss prevention will lead to a reduction in claim frequency, which in turn will have a positive effect on a location's severity and overall claim exposure.
- Investing in employee health & safety and the overall safety and protection of the University and its assets through loss prevention and loss control is a sound business decision.

How is Be Smart funded?

Be Smart is funded through a percentage of each location's insurance base accrual rate (premium). This percentage may fluctuate based on program status.

How are the insurance accrual rates and Be Smart accrual rates determined?

The insurance accrual rate is determined by an independent actuarial analysis of a location's specific loss experience and exposure. This rate varies from location to location due to the fact that each location's experience and exposure is unique. This rate also varies by the line of coverage.

The Be Smart accrual rate is a system wide percentage that is based upon maintaining a consistent level of funding for the program.

How long will the Be Smart program be available?

OP Risk Services intends to continue this funding mechanism indefinitely.

Who can submit a Be Smart proposal?

Any department may submit a proposal. However, all proposals must be coordinated with your local Environment, Health and Safety, Workers' Compensation and/or risk management departments and comply with any location-specific requirements that may be in place.

How does a department apply for Be Smart funding?

To apply for Be Smart funds a department must complete the UC BSAS Funding Application and comply with any local processes that may be in place. Once the application has received all local approvals, the application will be submitted to OP Risk Services for review and final approval.

Are there stipulations on what we can spend Be Smart funding on?

Yes; these funds can be spent only on loss prevention and loss control programs intended to reduce the frequency and severity of potential and actual loss in the area of workers' compensation, automobile liability and physical damage, employment practices liability, general liability and property.

What types of programs would not be appropriate for Be Smart funding?

Those programs that do not support loss prevention and loss control initiatives intended to reduce the frequency and severity of potential and actual loss are not appropriate use of Be Smart funding. Be Smart funds are not intended to supplement program budgets. This includes (but is not limited to) replacement of general operating supplies, personal protective & safety equipment which is required by law or regulation and travel expenses (with limited exception for train-the-trainer safety education).

Can Be Smart funding be used to correct deferred maintenance issues?

Yes, under the stipulation that the predominant purpose of the deferred maintenance correction is to address a condition that has a direct impact on Life Safety. For example, funds cannot be used to pay for a roof replacement, unless the roof poses an immediate threat on the safety of employees, students, visitors, etc.

Are capital improvements eligible for Be Smart Funding?

Yes, if a capital improvement is proposed that involves loss prevention or loss control measures and will have a direct impact on Life Safety, it can be submitted as a Be Smart proposal. An example of this would be installing new fire protective sprinkler systems in a building, where the lack of sprinklers poses a significant risk.

Can Be Smart monies be combined or transferred into other existing programs?

The intention of the Be Smart program is to create new programs and enhance existing programs that will bolster the loss prevention and loss control efforts at the locations. Therefore, Be Smart funds cannot be used to fund programs that existed prior to the inception of the Be Smart program. However, they may be used to enhance existing programs.

What are some examples of approved proposals?

Examples of approved programs are available from your local EH&S, workers' compensation and risk management departments.

Under what circumstances should Be Smart funding be used to fill career positions?

Be Smart funds are guaranteed on a fiscal year basis. Therefore, we can only guarantee that a position will be funded for twelve months at a time. We do expect the Be Smart program to continue in future years.

Is there a dollar cap on an individual department's request for and granting of Be Smart funds?

No, as long as the amount is within the total amount of Loss Prevention and Loss Control funding available to your location. This is a decision that should be coordinated and agreed upon at the location level prior to being submitted to OP Risk Services.

What are the deadlines for submitting a Be Smart proposal?

OP Risk Services would like to receive all initial applications by June 1st of each year. However, applications will be accepted throughout the fiscal year until all funds have been requested and approved for use.

Does anyone at the location have to approve the Be Smart proposal?

Yes, your EH&S, workers' compensation and/or risk management departments must approve all proposals. You must also obtain the approval of the head of your administration or finance department and comply with any location-specific requirements that may be in place.

Who approves the Be Smart proposals at OP?

Proposals are reviewed at OP by the Director of EH&S and OP Risk Management with final approval provided by the Chief Risk Officer.

Is the OP Risk Services department the final approving authority of the Be Smart proposals?

Yes, OP Risk Services is the final approving authority of all Be Smart proposals. All Be Smart proposals must be coordinated and agreed upon by all involved local departments before being submitted to OP Risk Services for consideration and approval.

What if a Be Smart proposal is rejected?

Proposals with insufficient information that appear to meet the requirements of the Be Smart program are returned to the location for clarification or additional information as required. If it is determined that the proposal does not meet the requirements of the Be Smart program, it will be rejected and funding will not be provided for that proposal.

What does an appropriate tracking system look like for determining the effectiveness of the Be Smart programs?

An appropriate tracking system should document losses or exposure prior to initiating the new program and then after a selected time period document the effect the program had on the losses or exposure.

Is there an audit process or controls in place for the Be Smart program?

Yes, all locations are required to submit to OP Risk Services a twice-yearly report detailing the results of their approved programs (this is in chart format and easily prepared). Additionally, each location is required to establish a self-audit program which will be reviewed and verified by an external source periodically.

What if we don't submit a proposal or proposals for the full Be Smart allocation?

Currently any unused Be Smart funds will be carried over to the next fiscal year. However, this policy may be revised in the future.

What if one of our approved Be Smart programs over-forecasted the required funds to complete and another approved Be Smart program under-forecasted the required funds to complete; are we allowed to move funds from one approved program to the other?

Yes, as long as both programs meet the Be Smart Loss Prevention and Loss Control requirements and have all the required approvals at your location and OP Risk Services.

What if a proposal involves elements of more than one program, such as employee safety/loss prevention and fire safety/loss control?

Proposals that involve elements of more than one program will be reviewed by all required approvers and upon approval; the funding will be pro-rated out of each program that is affected as determined by OPRS through the assistance of an independent actuary.

What is the difference between the Deficit and Be Smart?

A deficit exists when a location has a negative program status as determined by an independent actuary. A negative program status is when a location's expected liability is greater than its accrued program contributions. If a location decides to participate in the Deficit Deferral program, they are required to use these available funds for Loss Prevention or Loss Control programs with the intent of reducing the cost of risk as it relates to their program. A location is required to use the Be Smart funding application and approval process to obtain approval from OP Risk Services for the use of these funds. Please note that Deficit Deferral programs are not available in all insurance programs. Contact OPRS for more information about deficit deferral.

Be Smart is a funding mechanism that allows the locations to invest in Loss Prevention and Loss Control measures to reduce their cost of risk as it relates to employee safety. This program is similar to the mechanism that would be available if the University used a commercial insurance program.

Are there differences between how campus and medical center Be Smart funds are processed and can be used?

No, with the exception of surplus/retrospective rebates.

Whom can I contact for further assistance?

At your location, contact your EH&S, workers' compensation or risk management departments. At OP, contact the office of Risk Services.

Appendix C

Loss Mitigation Plan Based on Analysis of Claims

Claim	Mitigation	Cost Type	Benefit	Potential Funding Source
Auto/Cart Accident	Driver Training	Training Program	Implement Safe Driving Habits and Practices to reduce accidents and injuries	Auto Liability, Auto Physical Damage, General Liability, Work Comp
Auto Accident	Back up sensors or cameras	Safety Equipment	Reduce accidents caused by improper backing	Auto Liability, Auto Physical Damage
Slip/Trip and Fall	"Sweep Sheet"	Safety Program Training Equipment	Enhances existing inspection programs and helps mitigate claims	General Liability
Slip/Trip and Fall	Inspection Program	Safety Program, Training, FTE	Loss prevention and claim mitigation	General Liability, Work Comp
Fallen Tree Limb	Inspection/Maintenance Program	Safety Program, Training, FTE	Loss prevention and claim mitigation	General Liability, Property
Harassment, Discrimination, Retaliation	Supervisor and employee training	Training Program	Increase awareness loss prevention and claim mitigation	General Liability Employment Practices Liability
Laptop/Computer Theft	Training	Training Program	Security awareness Loss prevention	Property
Water Damage - Internal Source	Water restoration program	Training, equipment	Facilities- Improve response and efficiency in handling water damage events.	Property
Water Damage - External Source	Inspection/Winterization Maintenance Program	Training; FTE	Prevent/ Reduce claims	Property

Note: Based on system wide review of losses those mitigation efforts would have the greatest impact on reducing the frequency of losses. Reducing the frequency of losses has the greatest impact on reducing UC insuring costs.

Appendix D
University of California

**Cost/Benefit Analysis of the University Loss Mitigation Plan
Based on Hazard Vulnerability Assessment**

September 13, 2007

Assumptions

1. A relative scale (1 through 10) is used to project cost, frequency, severity, impact of controls, and reputational risk relative to each of the other hazards being considered, ten (10) being the most costly, hazardous, or having the greatest mitigation impact
2. This analysis is limited to the loss mitigation plan provided by the University.
3. Cost/benefit projections are determined relative to each of the hazards listed by the University in the loss mitigation plan.
4. Projected mitigation costs are considered over a five year period and are relative only to the mitigation costs of the other hazards listed by the University in the loss mitigation plan.
5. Frequency is determined based on the likelihood of a single event.
6. Severity is relative to the specific issues identified by the University in the loss mitigation plan under the mitigation heading.
7. The impact of controls factor is relative only to the other hazards in the plan.
8. The impact of controls factor is based on general and professional knowledge as to the effectiveness of the controls. The higher the number shown, the greater the impact of the controls on frequency and/or severity.
9. This impact of controls factor assumes a best-case implementation of the controls by the University.
10. The reputational risk factor is provided for reference only. It is not considered in the cost/benefit calculation.
11. The benefit factor scored on the attached graph is based on a calculation considering the frequency, severity, and mitigation factors.
12. As a hazard's position on the chart is further to the lower-right region, the favorability of its cost/benefit increases.
13. The cost/benefit ranking is determined by a modified analytic hierarchy process assigning weights to each cost and benefit value.

Note: Appendix D was prepared by Bickmore Risk Services based on analysis by Safety and loss control experts and internal and external actuarial science.