



Financial Report

Prepared for presentation to the Board of Trustees

March 14, 2019

Risk Management & Insurance Program

YTD Revenue and Expenses

Comprehensive Program to Manage Financial Risks and Potential Liabilities

4 Self Insurance Programs
50+ Separate Insurance Contracts

Program Mitigates System-Wide
as well as Unit Specific Risks

Three Risk Management Approaches

Reserve Funds To Pay For Potential Liability

- Workers' Compensation
- Medical Professional Liability
- Board Legal Liability
- General Public Liability

Purchase Commercial Insurance for Excess Coverage

Purchase Commercial Insurance to Cover Exposure

- Property
- Cyber/Aviation
- Employee Theft
- Fine Arts
- Others

Risks Accepted and Retained

Self-Insurance Programs

- University self insures to mitigate financial impact.
- Establish reserve fund to pay claims and costs.
- Fund based on actuarial projection of liabilities.
- Units contribute annually to the fund.

Three Risk Management Approaches

Reserve Funds To Pay For Potential Liability

- **Workers' Compensation**
- **Medical Professional Liability**
- Board Legal Liability
- General Public Liability

Purchase Commercial Insurance for Excess Coverage

Purchase Commercial Insurance to Cover Liabilities

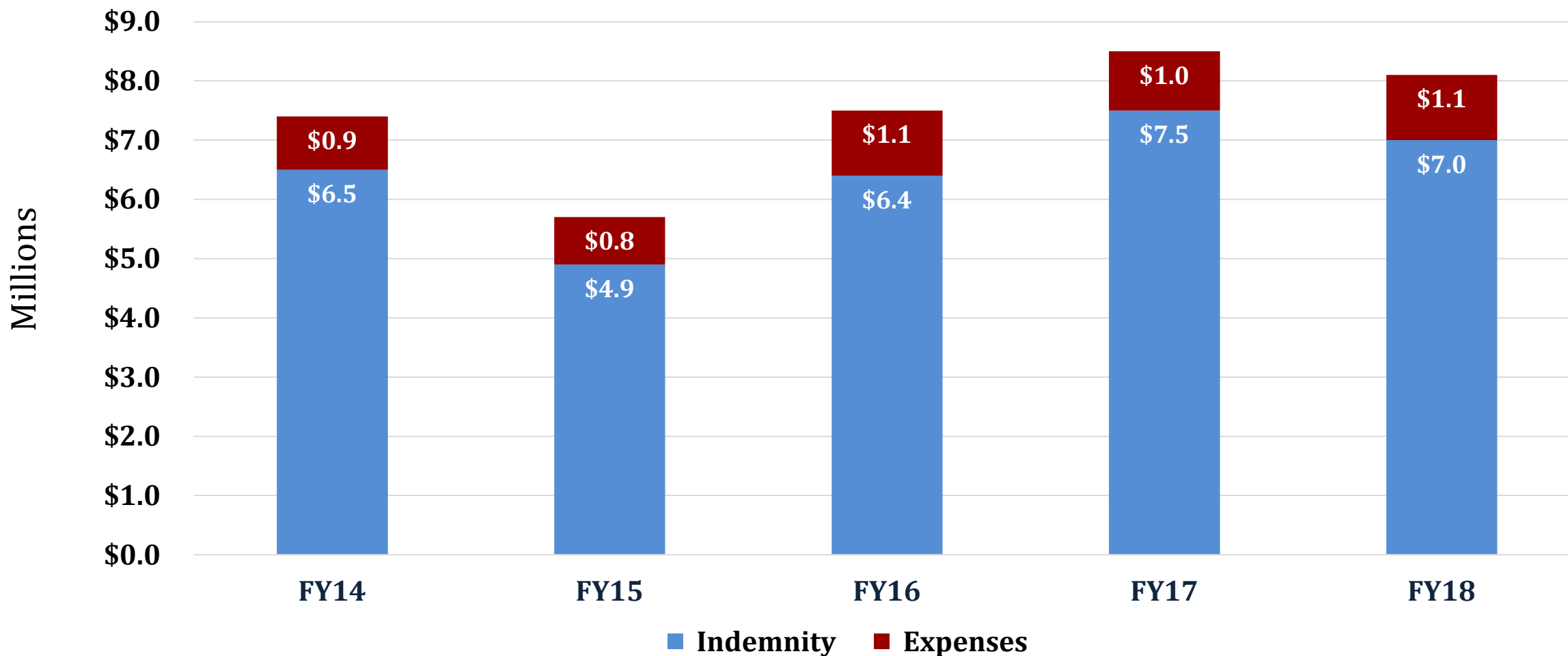
- **Property**
- Cyber/Aviation
- Employee Theft
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Risks Accepted and Retained

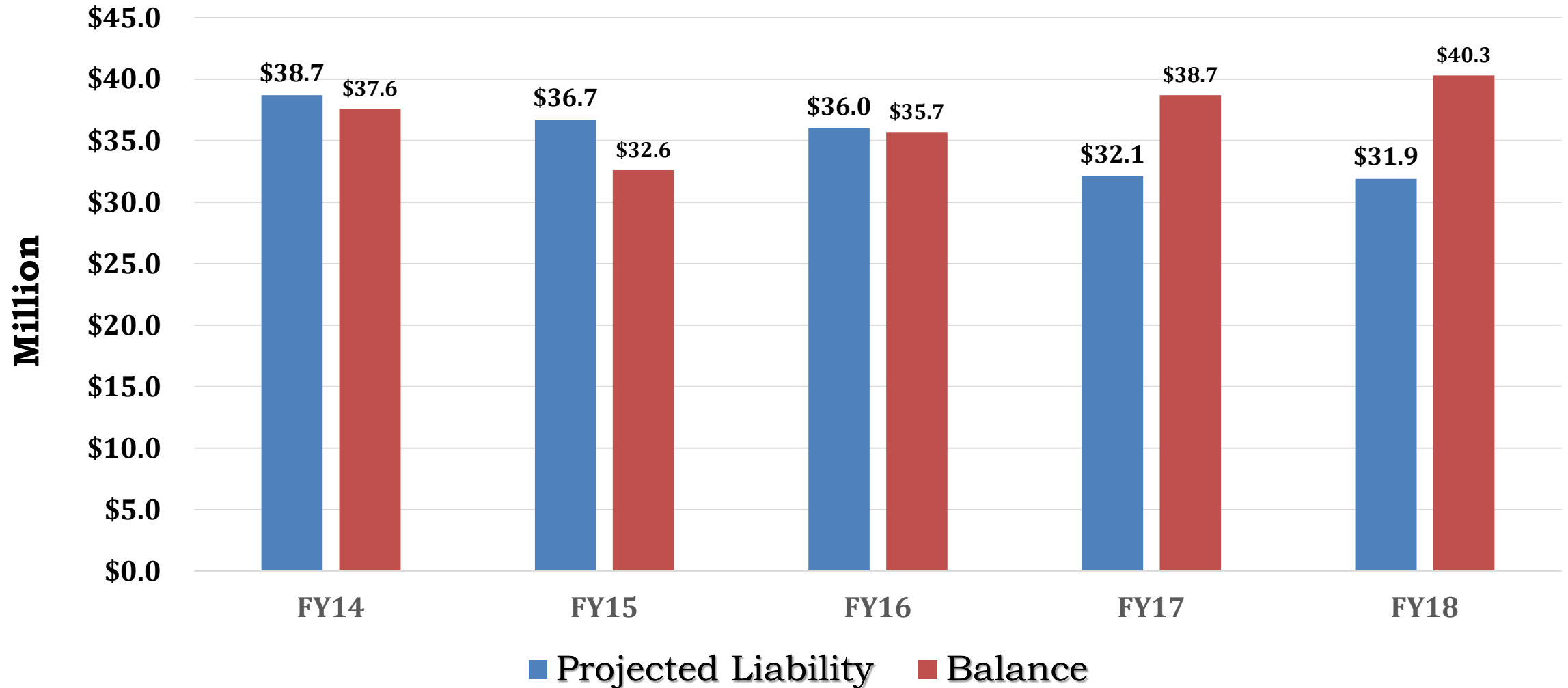
Employee Disability Compensation Program for Work Related Injuries and Occupational Disease

- Wage Replacement
- Vocational Rehabilitation
- Medical costs
- Legal Expenses

Workers' Compensation: Indemnity and Expenses



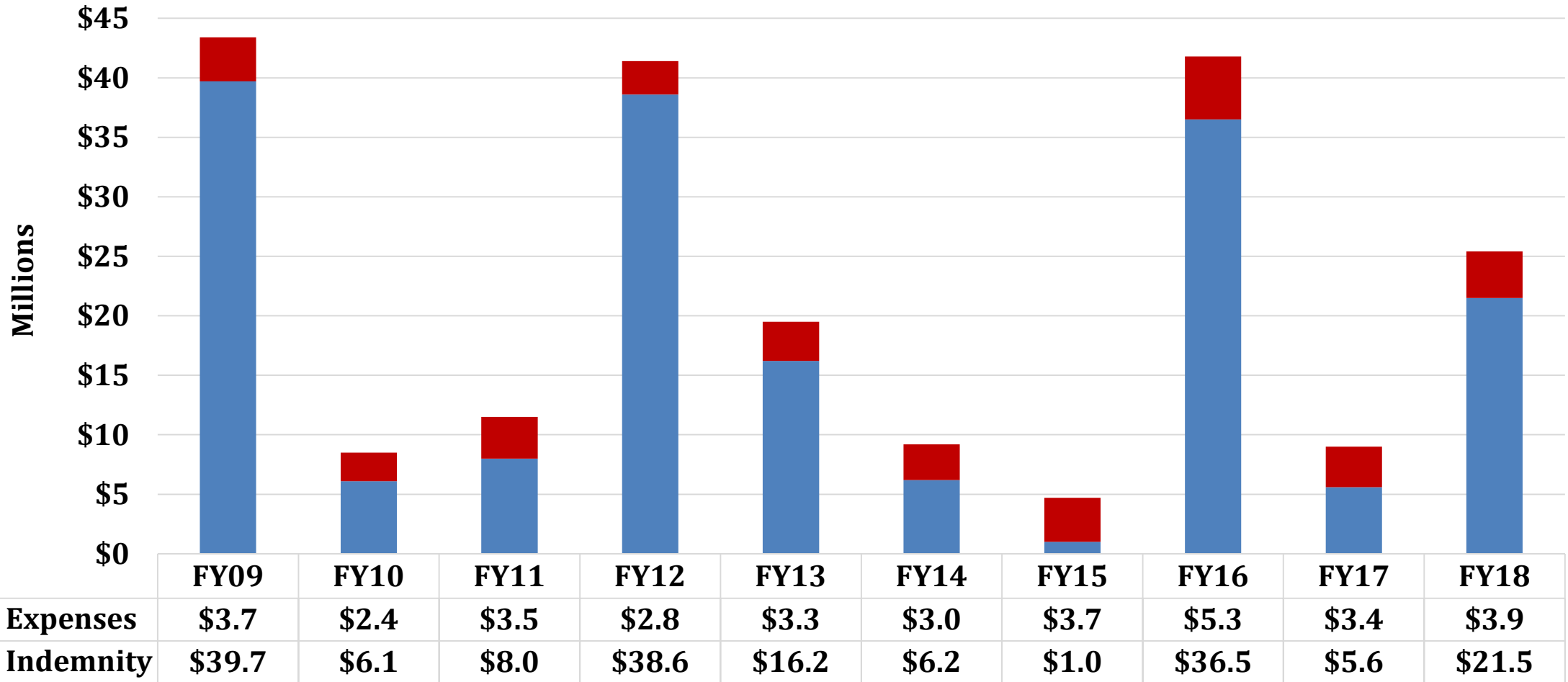
Workers' Compensation Projected Liabilities and Fund Balance



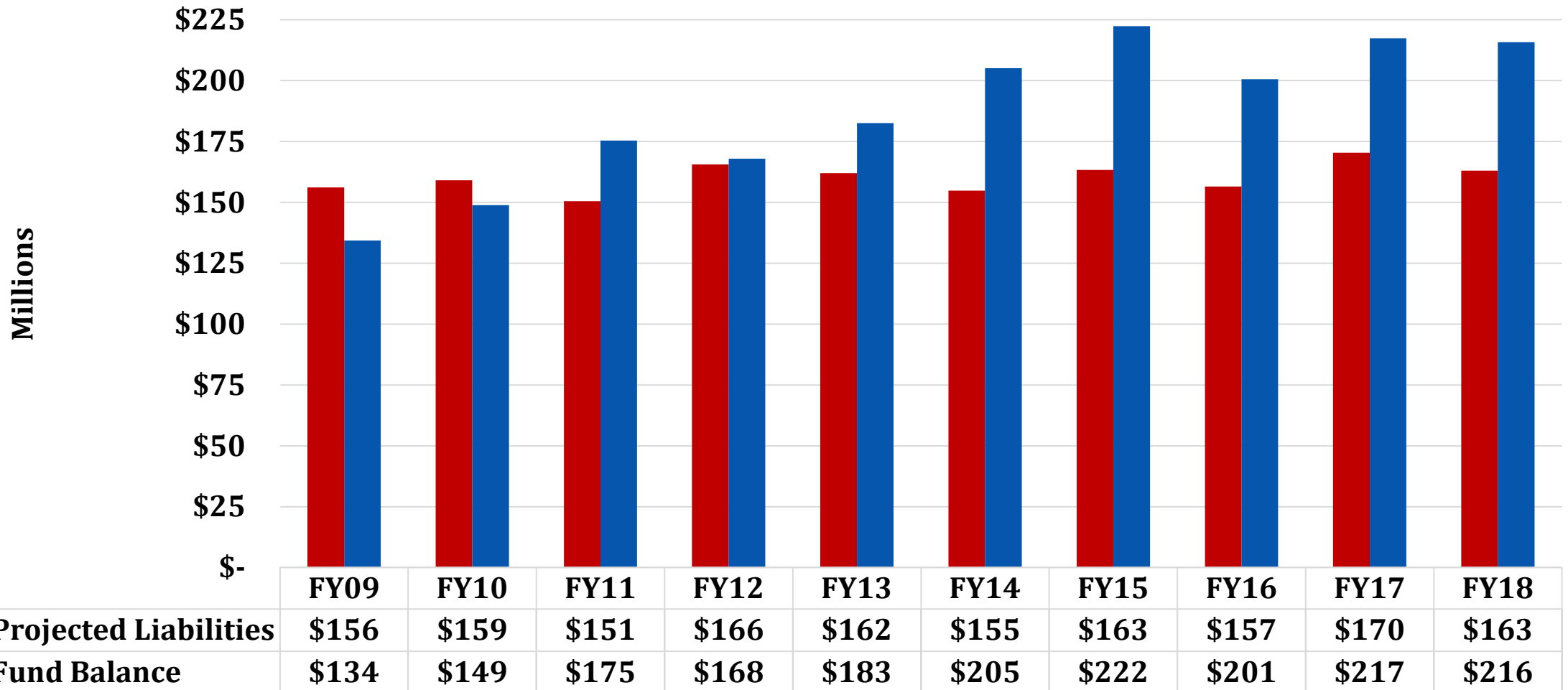
Medical Professional Liability

- Claims against providers at UI Hospital and Clinics
- Claims against faculty physicians practicing at other sites
- Hospital general liability (slips, trips, falls, food poisoning)
- All related legal costs

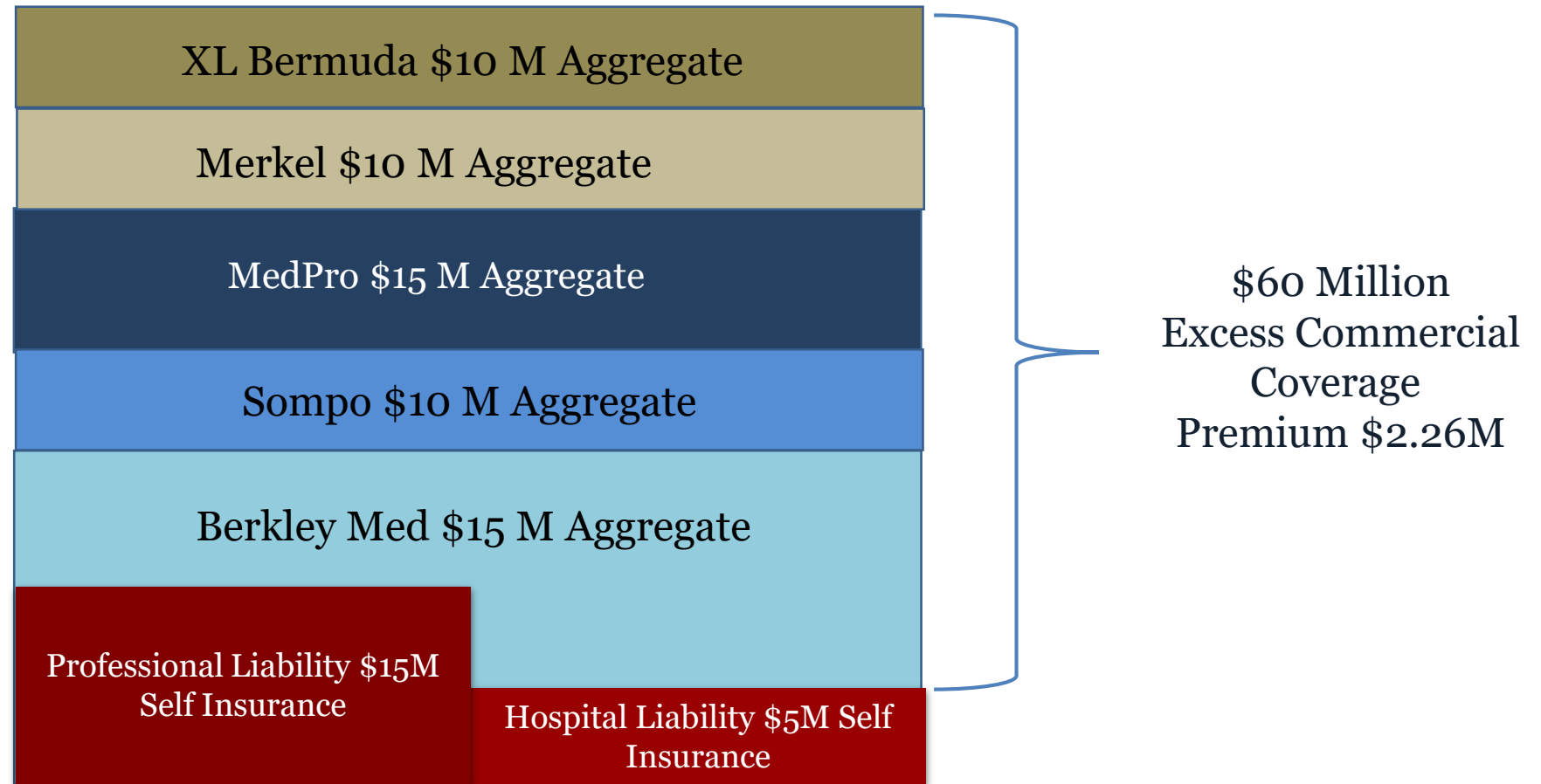
Medical Professional Insurance: Indemnity and Expenses



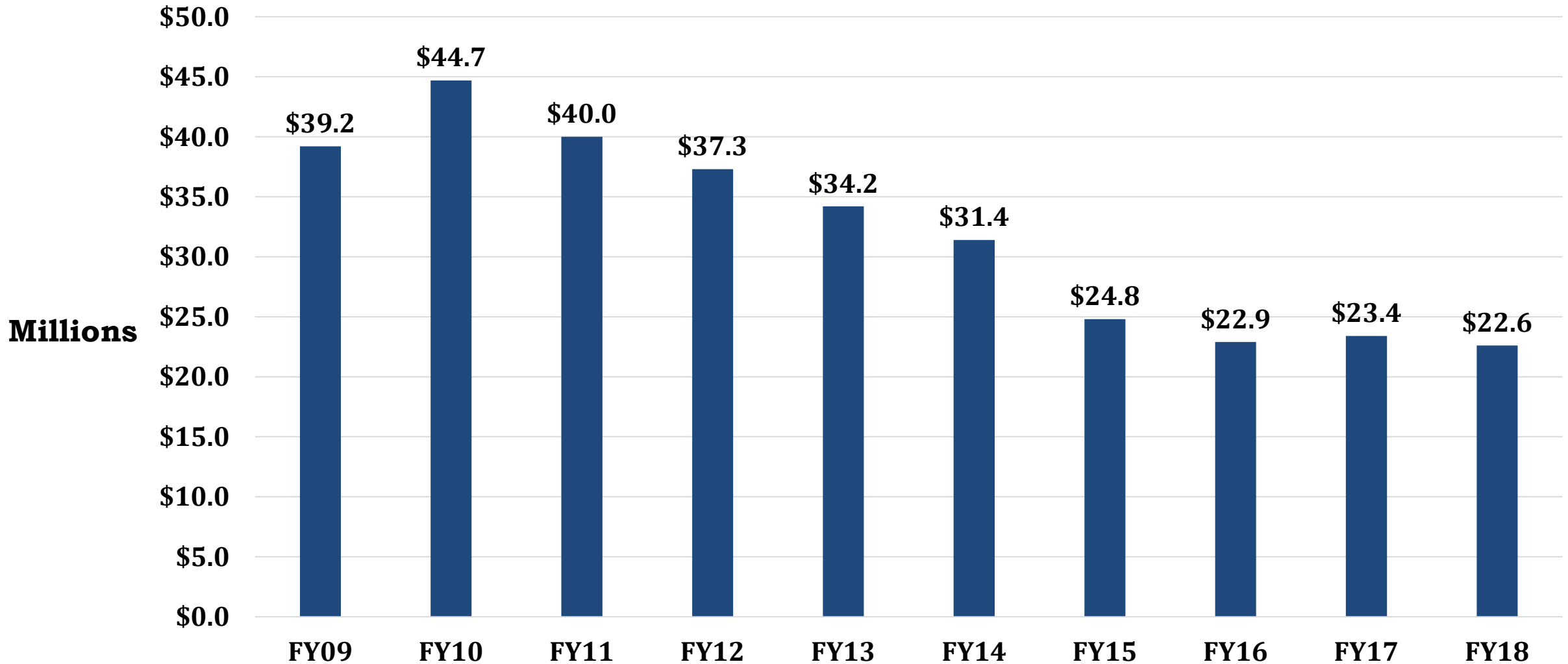
Medical Professional Insurance: Liabilities and Fund Balance



Self Insurance + Commercial Coverage



Medical Professional Insurance: Annual Premium Contributions

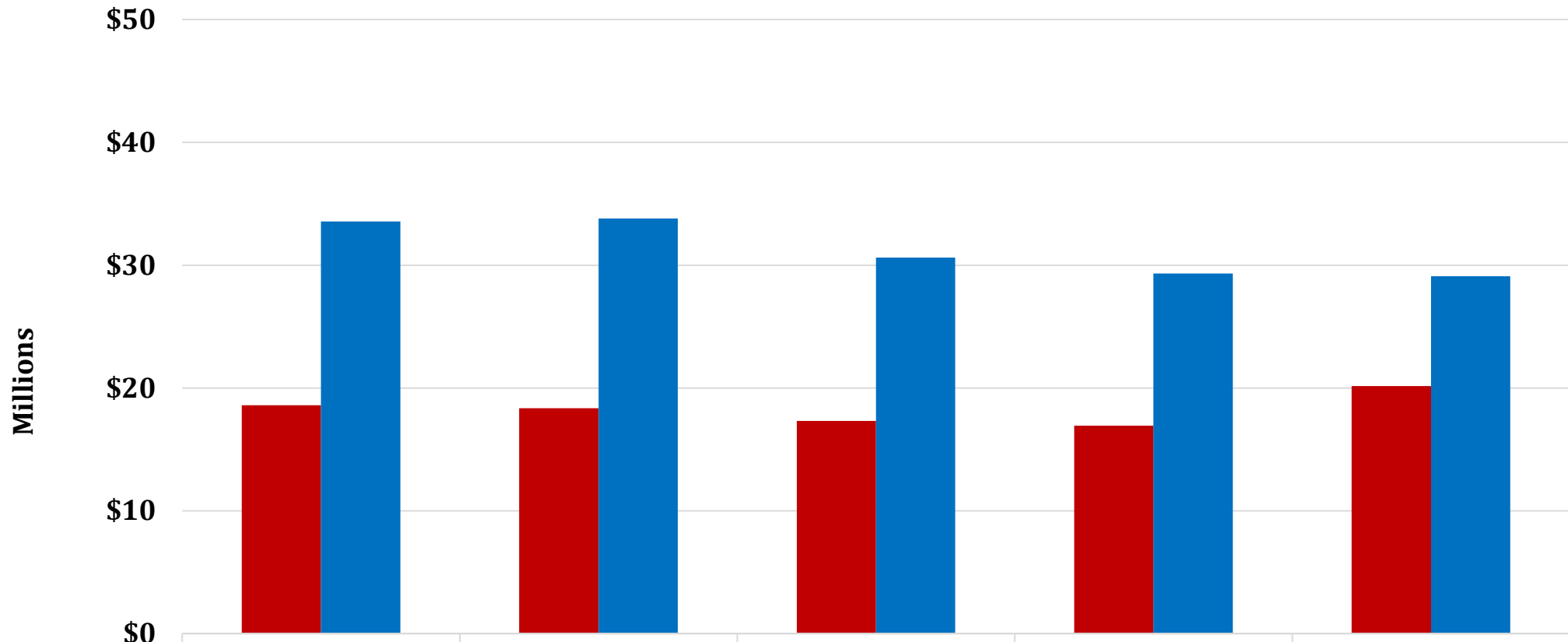


Revenue vs Insurance Costs

\$ ('000s)

	Patient Care Revenue	Insurance Program Cost	% cost/revenue
FY13	\$759,734	\$31,698	4.2%
FY14	\$757,145	\$29,214	3.9%
FY15	\$799,915	\$23,129	2.9%
FY16	\$816,617	\$21,347	2.6%
FY17	\$921,468	\$22,088	2.4%
FY18	\$958,584	\$21,197	2.2%

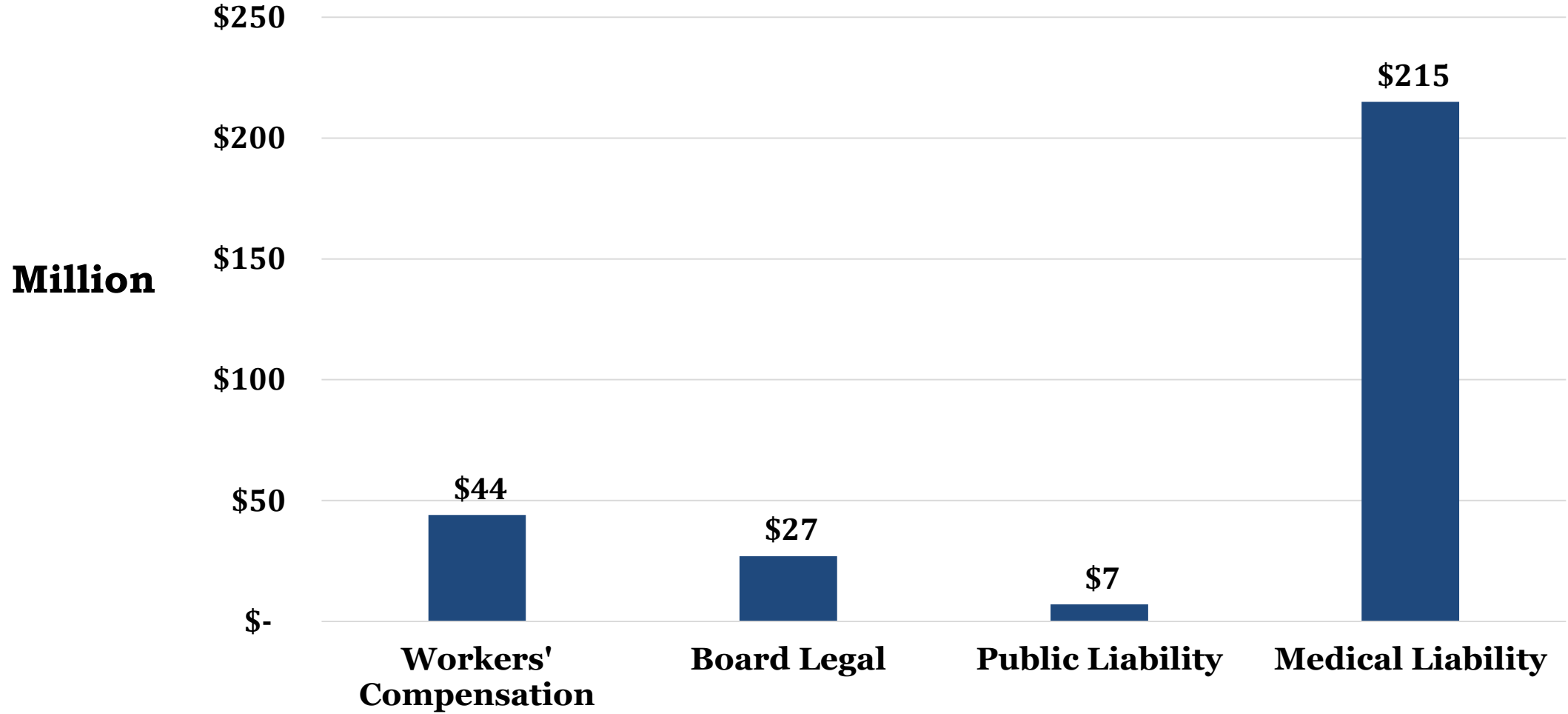
Public and Board Legal Liability Projected Liabilities and Fund Balance



	FY15	FY16	FY17	FY18	FY19
Projected Liabilities	\$18.6	\$18.3	\$17.3	\$16.9	\$20.2
Fund Balance	\$33.6	\$33.8	\$30.6	\$29.3	\$29.1

■ Projected Liabilities ■ Fund Balance

Self Insurance Program Fund Balances Public/Veterinary/Board Legal Liability



Commercial Insurance Programs



- Property
- Cyber
- Aviation
- Employee Theft
- Fine Arts
- 40 Other Programs

Property Insurance

\$14.6 Billion Insured Asset Value



Purchased Through
Multi-University
Consortium

\$500,000
Program Deductible
Unit Exposure: \$100K



Annual Cost of \$42.5 Million

Medical Professional Liability	\$33.6 M
Workers' Compensation	\$9.6 M
Board Legal	\$3.7 M

Includes Self Insurance, Commercial Coverage,
Legal Expenses and Administrative Costs

- Rising Premium Rates
- Small Pool of Insurers Comfortable with Insuring Large Universities
- Insurers Looking to Exclude High Risk Exposures
- Insurers Looking to Provide Excess Rather than Primary Coverage

Financial Year to Date (Jan 31) Revenue and Expense Trends

Revenue Trends (YTD Jan. 31)

Revenue Source	FY18	FY19	\$ Change	% Change
Tuition & Fees	\$1,149.6 M	\$1,162.3 M	12.7 M	+1.1%
State Appropriation (Prorated)	\$343.5 M	\$350.2 M	\$6.7 M	+2.0%
Research Grants	\$462.4 M	\$487.7M	\$25.3 M	+5.5%
Patient Care	\$571.9 M	\$587.3 M	\$8.8 M	+2.7%
Other Sources	\$835.0 M	\$873.6 M	\$38.6 M	+4.6%
TOTAL	\$3,362.4 M	\$3,461.1 M	+\$98.9 M	+2.9%

Expense Trends (YTD Nov. 30)

Expenses	FY18	FY19	\$ Change	% Change
Compensation	\$1,451.5 M	\$1,511.8 M	\$60.3 M	+4.2%
Supply & Services	\$853.7 M	\$895.0 M	\$41.3	+4.8%
Student Aid	\$81.4 M	\$84.2 M	\$2.8 M	+3.4%
Depreciation	\$140.4 M	\$141.1 M	\$0.7 M	+0.5%
TOTAL	\$2,527.0 M	\$2,632.1 M	\$105.1 M	+4.2%

DAYS CASH ON HAND

