

# UNIVERSITY OF MISSOURI

## Fiscal Operations Report Casualty and Property Insurance Programs For FY 2005



Prepared by the  
Office of Risk & Insurance Management

## TABLE OF CONTENTS

	<b>Page</b>
EXECUTIVE SUMMARY	i
I. TOTAL COST OF RISK	1
II. COMMERCIALY INSURED EXPOSURES	6
III. SELF-INSURED EXPOSURES	15
A. Automobile & General Liability	15
B. Comprehensive/Collision Coverage	20
C. Educators Legal Liability	22
D. Medical Professional Liability	24
E. Police Liability	27
F. Self-Insured Property	29
G. Workers Compensation	31

## **EXECUTIVE SUMMARY**

**RISK & INSURANCE MANAGEMENT  
FISCAL OPERATIONS REPORT  
JUNE 30, 2005**

**EXECUTIVE SUMMARY**

The UM Office of Risk & Insurance Management is charged with the responsibility for providing leadership in promoting risk management at the University of Missouri and providing for alternative risk financing methods, either with commercial insurance or self-insurance funded programs. Preservation of assets through direct loss-control efforts is primarily the responsibility of the campuses and the individual operating units.

Preservation of assets that are essential to the continued operation of the University is accomplished either through commercially insured programs, self-insurance, or a combination thereof. With a self-insured program, assets are preserved in the event of loss; however, all monies remain in the possession and control of the University rather than being paid to a commercial insurance carrier.

This report primarily reflects actual financial costs through FY05. However, it also provides projections for FY06 and makes references to FY06 data.

**ALL RISK PROPERTY**

The University of Missouri continued its participation in a group purchase of property coverage through the Midwestern Higher Education Commission (MHEC). This program allows institutions to meet their own needs in coverages and limits while taking advantage of the collective purchasing power of the group, which consists of approximately 40 institutions in the Midwest.

Following the September 11, 2001 World Trade Center (WTC) event, the property insurance market was in substantial disarray. Capacity shrunk considerably and previously provided policy limits were not available. Several catastrophic type coverages were either reduced drastically or disappeared altogether. In addition to these restrictive measures premiums were raised substantially, 50% for the MHEC program. The consortium tested the market place only to find the renewal offer from the incumbent carrier, FM Global, was the best available.

In preparation for the renewal effective July 1, 2003, FM Global asked for additional renewal increases in the range of 15% to 25%. MHEC issued an RFP and received an alternative proposal from Lexington some \$4 million less than FM's renewal quote. The University's portion of this savings was \$500,000 with significant increases in coverage, terms and conditions. MHEC and the University are in the third year of coverage with Lexington who has maintained a flat rate even after being presented with two consortium losses in excess of \$7 million.

The impact of the 2005 hurricane season on the property insurance market is not yet fully known.

## **OTHER COMMERCIALY INSURED EXPOSURES**

The majority of the University's renewals are effective August 1 and the insurance markets had begun to stabilize or soften in 2005 following the market upheaval caused by 9/11. The industry was beginning to experience rate reductions in some coverage lines however this trend has been interrupted by the catastrophic nature of the 2005 hurricane season. The impact of these events on the industry is only starting to manifest themselves in rate increases and coverage restrictions and it is too early to predict the impact on individual policy renewals.

## **AUTOMOBILE & GENERAL LIABILITY**

The Automobile (AL) & General Liability (GL) program continued to have good experience; however after several years without significant contributions, it was necessary to allocate a flat rate of \$250 for each of the University's 1,259 vehicles in FY05. These contributions totaled \$314,750. The 138 claims reported by the end of FY05 are up from the 130 reported at the end of FY04. The average cost per claim for FY05 was \$2,159 for AL, essentially unchanged since FY04. However the average cost per GL claim for FY05 was \$1,236, down over 50% from \$2,974 in FY04. Such a fluctuation is within the expected range when dealing with this number of claims.

## **COMPREHENSIVE, COLLISION AND RENTAL VEHICLE**

Voluntary comprehensive/collision coverage was placed on 574 vehicles in FY05, an increase of 16%. Rates continued at 0.5% of the vehicle value. There was no charge for physical damage to currently insured vehicles for the last several years because this program had accrued sufficient funds to cover existing liabilities as well as the cost of projected fiscal year losses. After several years of no charge for comprehensive/collision coverage, it was necessary to implement the contribution of 0.5% of vehicle value for FY06.

## MEDICAL PROFESSIONAL LIABILITY

The annual cost of funding the University's medical professional liability exposure is the sum of contributions made to the self-insured trusts. All related expenses such as excess coverage and the annual actuarial reviews are paid out of the trust. The following chart demonstrates a troublesome trend for the University in the area of Medical Malpractice.

<u>FY</u>	<u>Limits</u>	<u>Premium</u>	<u>Retention</u>	<u>Contributions to Fund Retention</u>
01	\$25 mil	434,234	1,000,000	2,044,770
02	\$25 mil	434,234	1,000,000	1,885,467
03	\$25 mil	1,312,606	1,000,000	5,133,228
04	\$25 mil	1,769,764	5,000,000	6,598,303
05	\$25 mil	1,888,246	5,000,000	11,018,401
06	\$25 mil	1,359,400	5,000,000	11,867,415

The University has traditionally purchased excess medical malpractice insurance on an occurrence basis. Unfortunately the market for occurrence coverage is non-existent and the University now has a "claims made" policy effective July 1, 2005. While this resulted in premium reduction of slightly more than \$500,000, the total cost of the medical malpractice program continued to rise, having more than doubled since FY03. Most of the increased cost is the result of an increase in both the number of claims and the cost of those claims. Thirteen Medical Professional Liability claims were opened in FY05, down from thirty-nine claims in FY04. These claims were investigated by the UM General Counsel's Office and six of these were resolved by fiscal year end. In addition, nine claims from previous years were resolved. The following change in net reserves however continues to be alarming. At year-end, a total of \$27,413,177 was reserved, up from \$20,761,000 in FY04.

The University's current program includes \$25 million of excess coverage over a self-insured retention of \$5 million. At the request of University Physicians the Office of Risk & Insurance Management considered different funding options including varying levels of coverage and higher retentions, including considering the option of being totally self-insured. The increase in the numbers and costs of claims is alarming and necessitates maintaining the existing structure.

## **EDUCATORS LEGAL LIABILITY**

Educators Legal Liability provides funding for claims allegedly resulting from discrimination of all types, sexual misconduct and harassment, and ADA violations against both employees and students. The following table summarizes program costs in recent years.

<u>FY</u>	<u>Limits</u>	<u>Premium</u>	<u>Retention</u>	<u>Contributions to Fund Retention</u>
02	\$2 mil	92,859	250,000	365,033
03	\$3 mil	131,779	500,000	673,606
04	\$5 mil	177,000	500,000	1,085,247
05	\$5 mil	177,664	500,000	958,886
06	\$10 mil	253,000	500,000	1,794,416

At fiscal year end, reserves for outstanding liabilities were \$4,630,288, up 10.5% from FY04.

## **SELF INSURED PROPERTY**

A blanket self-insured program to finance the University's \$100,000 property deductible was introduced effective July 1, 1999. This program has proven popular with the campuses and no fund contributions were necessary for the first few years. Modest contributions were necessary in FY04 and FY05 but no contributions were necessary for FY06.

## **WORKERS COMPENSATION**

The workers' compensation self-insured fund ended FY05 with a positive fund balance of \$1,596,632, an improvement of \$2,858,844 over FY04. Claim counts have remained stable and the FY05 contributions were budgeted to be down slightly in FY05 from \$10,200,000 to \$9,490,174. FY05 contributions ultimately exceeded \$11,000,000 primarily due to increased payroll. Contributions are projected at \$8,389,733 for FY06, a decrease of 24%. A study of ten years of data was submitted to senior management in March of 2004 and a system-wide task force continues to address workers' compensation and safety issues.

## **I. TOTAL COST OF RISK**

## I. TOTAL COST OF RISK

The University of Missouri's total cost of risk increased \$5,600,000 during FY05 for a total of \$30,208,000. The majority of this increase is due the self-insured medical malpractice program where costs increased from \$6,600,000 to \$11,000,000. A significant part of this increase results from the fact that MIIX, the University's excess insurer for medical malpractice from 1998 to 2002 was placed in rehabilitation early in 2005 and refused payment on a number of University claims. The University is currently in the process of negotiating with MIIX for payment of a portion of these claims.

The impact of these increases is illustrated by the bar chart in Exhibit COR-1.

The cost of risk as a percentage of the University's annual operating budget increased in FY05 from 1.25% to 1.58%. This trend is expected to moderate in FY06 at 1.41% Exhibit COR-2 illustrates this increase in the Cost of Risk but also illustrates the degree to which the University self-insures, approximately 80% of its cost of risk in FY05 compared to 77% for FY04 and 67% for FY03. This represents an important savings as a fully insured program would increase costs by an amount equal to 50% of the self-insured costs or somewhere between \$9 and \$10 million. Additionally, unused self-insured funds help defer costs in subsequent years.

### Benchmarking Cost of Risk

The recent rise in the University's Cost of Risk is so dramatic that a comparison with similar organizations better explains that the University of Missouri is not alone in this phenomenon.

#### The University compared to "All Industries" - Cost per \$1,000 of Budget

The following numbers are from the 2004 RIMS Benchmark Survey published annually by the Risk and Insurance Management Society, Inc.

	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06 Projected</u>
University	\$6.06	\$5.42 - 11%	\$8.50 + 57%	\$12.46 + 47%	\$ 15.79 + 27%	\$ 14.09 - 6%
All Industry	\$6.46	\$8.92 + 38%	\$11.96 + 34%	\$13.50 + 13%	Not available	

Comparing the three-year period from 2001 to 2004, the University's cost rose 106% compared to 109% for the All Industry numbers. The 2005 industry data is not available until the spring of 2006 at which time additional comparisons will be made.

The University compared to “Education” – Cost per \$1,000 of Budget

The definition of “Education” as used here refers to all classes of education including K-12.

<u>Institution</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06 Projected</u>
University	\$6.06	\$5.42 - 11%	\$8.50 + 57%	\$12.46 + 47%	\$15.79 + 27%	\$14.09 - 11 %
UM w/o UMHC/Physicians	\$5.54	\$4.93 -11%	\$8.10 +64%	\$10.21 +26%	\$ 9.63 -6%	\$ 7.28 -24%
Education	\$6.53	\$6.98 + 7%	\$7.75 + 11%	\$9.97 + 29%	Not available	

This dramatic increase in cost is primarily the result of an increase of \$6 million in medical malpractice costs for UMHC and Physicians. The above “University” numbers are shown with and without the hospital exposures. A more realistic comparison can be obtained by removing hospital and physician numbers.

University Health Care compared to the Health Care Industry.

	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06 Projected</u>
UMHC	\$8.02	\$7.46 - 7%	\$10.09 + 35%	\$20.34 + 102%	\$22.01 + 8%	\$13.67 - 38%
All Healthcare	n/a	\$13.77 n/a	\$18.18 + 32%	\$ 17.09 - 6%	Not available	

The “cost of risk” for University of Missouri Health Care was heavily impacted in FY04 and FY05 by unanticipated higher costs in both workers’ compensation and medical malpractice. As the numbers indicate, “cost of risk” is expected to improve dramatically in FY06.

UNIVERSITY OF MISSOURI  
RISK & INSURANCE MANAGEMENT  
COST OF RISK THREE-YEAR SUMMARY  
(EXCLUSIVE OF ADMINISTRATIVE COSTS)  
June 30, 2005

RISK AREA	Actual FY2004	Actual FY2005	Projected FY2006
<b>I. PRIMARY COMMERCIAL</b>			
All-Risk Property Coverage (1)	\$2,200,000	\$2,006,325	\$1,949,263
Athletic Accident	212,290	224,957	225,000
Broadcasters/Publishers Liability	19,886	20,879	21,646
Fidelity/Crime	70,514	83,245	68,856
Managed Care Errors & Omissions	55,090	56,750	57,000
Non-Owned Aircraft Liability	10,740	5,268	10,536
Nuclear Energy Liability	30,965	34,060	35,000
Property Insurance-MU Reactor	55,500	55,500	55,500
Miscellaneous	99,379	129,058	130,000
<b>Total Primary Commercial</b>	<b>\$2,754,364</b>	<b>\$2,616,042</b>	<b>\$2,552,801</b>
<b>II. SELF INSURED EXCESS (COMMERCIAL)</b>			
Auto and General Liability	616,755	665,932	663,055
Educators Legal Liability	177,000	177,664	253,000
Foreign Liability	43,750	43,750	43,750
Medical Malpractice	1,769,764	1,888,246	1,359,400
Personal Property	0	0	0
Workers' Compensation	415,311	627,994	657,453
<b>Total Self Insured Excess</b>	<b>\$3,022,580</b>	<b>\$3,403,586</b>	<b>\$2,976,658</b>
<b>III. SELF INSURED (2)</b>			
Auto and General Liability	903,598	1,060,749	1,060,749
Comp/Collision/Rental (3)	38,356	38,043	81,600
Educators Legal Liability	1,085,247	958,886	1,794,416
Medical Malpractice	6,598,303	11,018,401	11,867,415
Personal Property	0	0	0
Police Liability	22,778	22,778	22,778
Workers' Compensation	10,209,160	11,089,282	8,389,733
<b>Total Self Insured</b>	<b>\$18,857,442</b>	<b>\$24,188,139</b>	<b>\$23,216,691</b>
<b>Total All Risks</b>	<b>\$24,634,386</b>	<b>\$30,207,767</b>	<b>\$28,746,150</b>
University Annual Operating Budget (4)	\$1,977,060,641	\$1,907,656,698	\$2,040,372,195
<b>Insurance/Self-Insurance</b>			
As a percent of operating budget:	1.25%	1.58%	1.41%

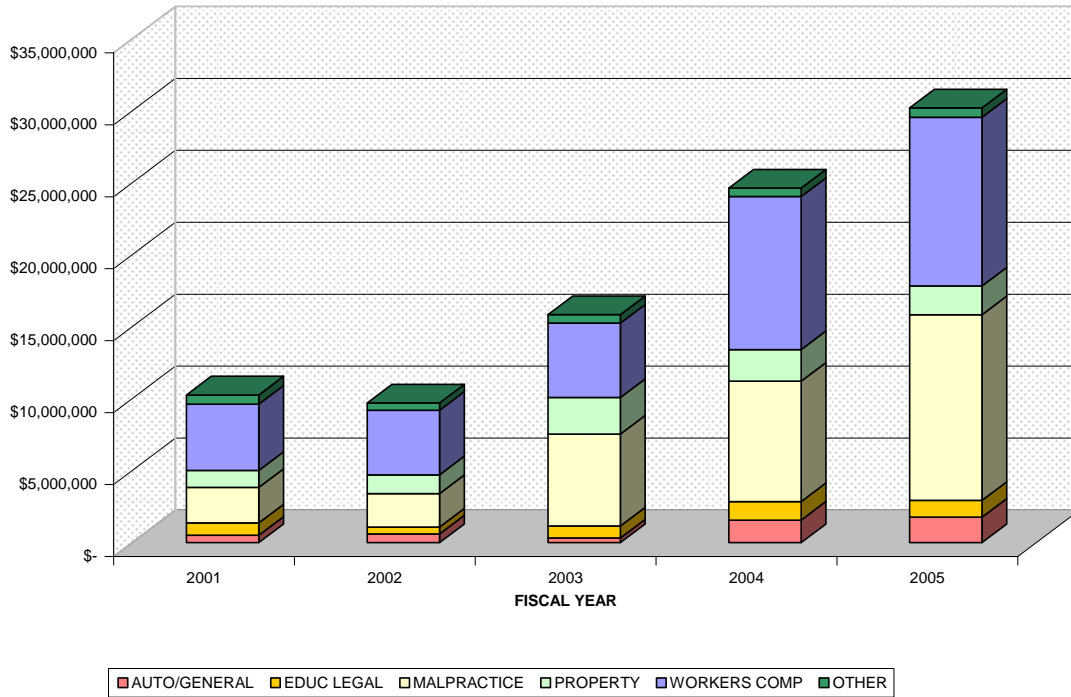
(1) Includes Fine Arts and Boiler & Machinery.

(2) Amounts exclude excess insurance premiums shown in section II above.

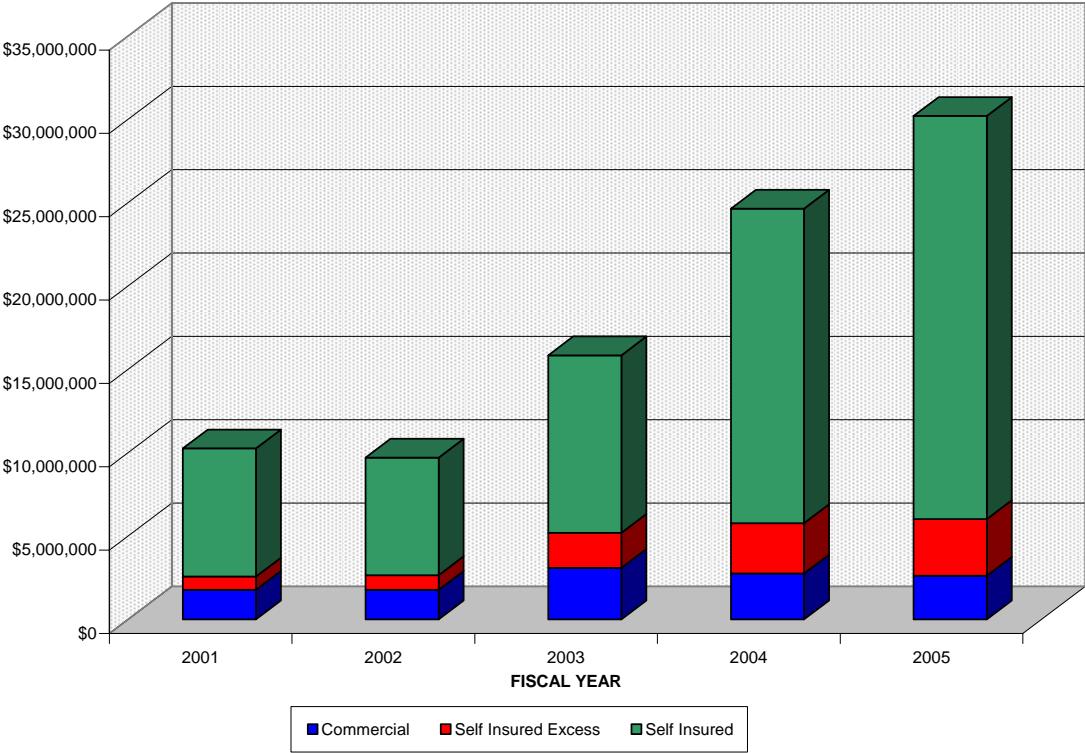
(3) Program is voluntary

(4) Total current fund expenditures/transfers per annual financial report. Projected year is budget information.

### UNIVERSITY OF MISSOURI COST OF RISK BY PROGRAM FY 2001 - 2005



**UNIVERSITY OF MISSOURI  
COST OF RISK COMPARISON  
FY 2001 - 2005**



## **II. COMMERICALLY INSURED EXPOSURES**

## II. COMMERCIALY INSURED EXPOSURES

### A. COVERAGES WITH PREMIUMS EXCEEDING \$100,000:

#### 1. ALL RISK PROPERTY COVERAGE -

Real and Personal Property - Insures against all physical loss or damage of University real or personal property due to such perils as flood, quake, collapse, fire, windstorm, hail, smoke damage, breakage and other destruction. The coverage has \$1 billion limit with deductibles of \$100,000 per occurrence and \$300,000 aggregate. All insured losses of \$25,000 or more contribute to the aggregate deductible.

Fine Arts - Insures art objects and antiques owned by the University, those held in trust, those in transit, and those held for exhibition. The deductible is \$25,000 per occurrence.

Boiler & Machinery - Insures repair and replacement exposure for explosions and breakdown of all boiler and machinery equipment owned by the University of Missouri, including mechanical equipment, such as heating and ventilation, that is affixed to the building. The coverage also includes business interruption, extra expense, expediting expense, hazardous materials, water damage, and spoilage coverage on food, blood, plasma, drugs, and serums.

The deductible for boiler and machinery is \$100,000 with an annual aggregate deductible of \$300,000.

Premium Paid During FY 2005 - \$2,006,000

#### 2. ATHLETIC ACCIDENT - Provides coverage for "Accident Medical and Rehabilitation Expenses", excess over any other coverage that might be available including any group insurance held by the athlete. Medical and dental payments are provided for injuries that may be incurred by intercollegiate varsity athletes and cheerleaders while practicing for or participating in, or traveling to or from an intercollegiate event. Covered events include authorized and supervised practice sessions.

Per occurrence deductibles are \$10,000 for all sports on all campuses.

Premium Paid During FY 2005 - \$225,000

3. **AUTO AND GENERAL LIABILITY (EXCESS)** - Effective August 1, 1997, this policy provides \$25 million per occurrence limits of coverage in excess of the University's self-insured retention of \$1 million per occurrence and \$3 million aggregate. In addition, this policy is excess coverage over most other liability policies.

Premium Paid During FY 2005 - \$666,000

4. **EDUCATORS LEGAL LIABILITY (EXCESS)** - Provides the University, its employees, and student teachers protection against liability claims made, individually or collectively, for actual or alleged errors, misstatements, misleading statements, acts, or omissions, neglect, breach of duty by individuals in the discharge of their duties, or any matter claimed against them solely by reason of their being or having been employees during the policy period, and not resulting in bodily injury or property damage.

The coverage has limits of \$5 million for each wrongful act and aggregate, with a \$500,000 per entity, per wrongful act deductible.

Premium Paid During FY 2005 - \$178,000

5. **MEDICAL MALPRACTICE (EXCESS)** – Provides coverage of \$25 million for liability in excess of the University's self-insured retention of \$5 million per claim.

Premium Paid During FY 2005 - \$1,888,000

6. **WORKERS COMPENSATION (EXCESS)** - Provides protection to the University against workers compensation and employer's liability claims in excess of the self-insured retention exclusive of certain perils. The policy provides statutory limits of for Workers Compensation, and \$1 million per occurrence for Employers' Liability. The University's self-insured retention is \$500,000 per occurrence.

Premium Paid During FY 2005- \$628,000

**B. OTHER COMMERCIALY INSURED EXPOSURES:**

The University maintains approximately 25 lower premium policies and bonds in its portfolio. The total premium is \$429,000.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
MAJOR COMMERCIAL INSURANCE COSTS  
JUNE 30, 2005

ALL CAMPUSES COMBINED

TYPE OF COVERAGE	FY2004	FY2005	% Change FY04 to 05	Projected FY2006
<b>I. PREMIUMS WITH CAMPUS ALLOCATIONS</b>				
All-Risk Property Coverage (1)	\$2,200,000	\$2,006,325	-8.80%	\$1,949,263
Athletic Accident	\$212,290	\$224,957	5.97%	\$225,000
Broadcasters/Publishers Liability	\$19,886	\$20,879	4.99%	\$21,646
Fidelity/Crime/K&R	\$70,514	\$83,245	18.05%	\$68,855
Managed Care Errors & Omissions	\$55,090	\$56,750	3.01%	\$57,000
Non-Owned Aircraft Liability	\$10,740	\$5,268	-50.95%	\$10,536
Nuclear Energy Liability	\$30,965	\$34,061	10.00%	\$35,000
Property Insurance-MU Reactor	\$55,500	\$55,500	0.00%	\$55,500
<b>SUBTOTAL</b>	<b>\$2,654,985</b>	<b>\$2,486,985</b>	<b>-6.33%</b>	<b>\$2,422,800</b>
<b>II. PREMIUMS PAID BY SELF-INSURANCE (2)</b>				
Auto/General Liability-Excess Coverage	\$616,755	\$665,932	7.97%	\$663,055
Educators Legal Liability-Excess Coverage	\$177,000	\$177,664	0.38%	\$253,000
Foreign Liability-Excess Coverage	\$43,750	\$43,750	0.00%	\$43,750
Medical Malpractice-Excess Coverage	\$1,769,764	\$1,888,246	6.69%	\$1,359,400
Personal Property-Excess Coverage	\$0	\$0	0.00%	\$0
Workers' Compensation-Excess Coverage	\$415,311	\$627,994	51.21%	\$657,453
<b>SUBTOTAL</b>	<b>\$3,022,580</b>	<b>\$3,403,586</b>	<b>12.61%</b>	<b>\$2,976,658</b>
<b>TOTAL MAJOR COMMERCIAL INSURANCE (3)</b>	<b>\$5,677,565</b>	<b>\$5,890,571</b>	<b>3.75%</b>	<b>\$5,399,458</b>

(1) Includes Fine Arts and Boiler & Machinery.

(2) Premiums are paid centrally through self-insured programs, with no direct allocations other than those paid to self-insurance.

(3) Insurance premiums under \$10,000 per annum are not included in this summary.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
MAJOR COMMERCIAL INSURANCE COSTS  
JUNE 30, 2005

CAMPUS: COLUMBIA

TYPE OF COVERAGE	FY2004	FY2005	% Change FY04 to 05	Projected FY2006
<b>I. PREMIUMS WITH CAMPUS ALLOCATIONS</b>				
All-Risk Property Coverage (1)	1,333,062	\$1,199,309	-10.03%	\$1,182,736
Athletic Accident	60,545	60,545	0.00%	60,557
Broadcasters/Publishers Liability	9,744	10,231	4.99%	10,565
Fidelity/Crime/K&R	31,731	37,460	18.05%	30,985
Managed Care Errors & Omissions	0	0	0.00%	0
Non-Owned Aircraft Liability	2,792	1,370	-50.94%	2,740
Nuclear Energy Liability	24,845	27,328	9.99%	28,081
Property Insurance-MU Reactor	55,500	55,500	0.00%	55,500
<b>SUBTOTAL</b>	<b>\$1,518,220</b>	<b>\$1,391,743</b>	<b>-8.33%</b>	<b>\$1,371,164</b>
<b>II. PREMIUMS PAID BY SELF-INSURANCE (2)</b>				
Auto/General Liability-Excess Coverage	0	\$0	0.00%	\$0
Educators Legal Liability-Excess Coverage	0	0	0.00%	0
Foreign Liability-Excess Coverage	0	0	0.00%	0
Medical Malpractice-Excess Coverage	0	0	0.00%	0
Personal Property-Excess Coverage	0	0	0.00%	0
Workers' Compensation-Excess Coverage	0	0	0.00%	0
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL MAJOR COMMERCIAL INSURANCE (3)</b>	<b>\$1,518,220</b>	<b>\$1,391,743</b>	<b>-8.33%</b>	<b>\$1,371,164</b>

(1) Includes Fine Arts and Boiler & Machinery.

(2) Premiums are paid centrally through self-insured programs, with no direct allocations other than those paid to self-insurance.

(3) Insurance premiums under \$10,000 per annum are not included in this summary.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
MAJOR COMMERCIAL INSURANCE COSTS  
JUNE 30, 2005

CAMPUS: KANSAS CITY

TYPE OF COVERAGE	FY2004	FY2005	% Change FY04 to 05	Projected FY2006
<b>I. PREMIUMS WITH CAMPUS ALLOCATIONS</b>				
All-Risk Property Coverage (1)	\$308,573	\$273,152	-11.48%	\$259,559
Athletic Accident	52,377	56,746	8.34%	56,757
Broadcasters/Publishers Liability	4,574	4,802	4.99%	5,034
Fidelity/Crime/K&R	9,872	11,654	18.05%	9,640
Managed Care Errors & Omissions	0	0	0.00%	0
Non-Owned Aircraft Liability	644	316	-50.96%	632
Nuclear Energy Liability	0	0	0.00%	0
Property Insurance-MU Reactor	0	0	0.00%	0
<b>SUBTOTAL</b>	<b>\$376,040</b>	<b>\$346,670</b>	<b>-7.81%</b>	<b>\$331,622</b>
<b>II. PREMIUMS PAID BY SELF-INSURANCE (2)</b>				
Auto/General Liability-Excess Coverage	0	\$0	0.00%	\$0
Educators Legal Liability-Excess Coverage	0	0	0.00%	0
Foreign Liability-Excess Coverage	0	0	0.00%	0
Medical Malpractice-Excess Coverage	0	0	0.00%	0
Personal Property-Excess Coverage	0	0	0.00%	0
Workers' Compensation-Excess Coverage	0	0	0.00%	0
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL MAJOR COMMERCIAL INSURANCE (3)</b>	<b>\$376,040</b>	<b>\$346,670</b>	<b>-7.81%</b>	<b>\$331,622</b>

(1) Includes Fine Arts and Boiler & Machinery.

(2) Premiums are paid centrally through self-insured programs, with no direct allocations other than those paid to self-insurance.

(3) Insurance premiums under \$10,000 per annum are not included in this summary.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
MAJOR COMMERCIAL INSURANCE COSTS  
JUNE 30, 2005

CAMPUS: ROLLA

TYPE OF COVERAGE	FY2004	FY2005	% Change FY04 to 05	Projected FY2006
<b>I. PREMIUMS WITH CAMPUS ALLOCATIONS</b>				
All-Risk Property Coverage (1)	\$174,306	\$162,109	-7.00%	\$150,274
Athletic Accident	55,057	59,650	8.34%	59,661
Broadcasters/Publishers Liability	1,591	1,670	4.99%	1,751
Fidelity/Crime/K&R	5,641	6,660	18.05%	5,508
Managed Care Errors & Omissions	0	0	0.00%	0
Non-Owned Aircraft Liability	1,289	632	-50.96%	1,264
Nuclear Energy Liability	6,120	6,733	10.02%	6,919
Property Insurance-MU Reactor	0	0	0.00%	0
<b>SUBTOTAL</b>	<b>\$244,004</b>	<b>\$237,454</b>	<b>-2.68%</b>	<b>\$225,377</b>
<b>II. PREMIUMS PAID BY SELF-INSURANCE (2)</b>				
Auto/General Liability-Excess Coverage	0	\$0	0.00%	\$0
Educators Legal Liability-Excess Coverage	0	0	0.00%	0
Foreign Liability-Excess Coverage	0	0	0.00%	0
Medical Malpractice-Excess Coverage	0	0	0.00%	0
Personal Property-Excess Coverage	0	0	0.00%	0
Workers' Compensation-Excess Coverage	0	<u>0</u>	0.00%	<u>0</u>
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL MAJOR COMMERCIAL INSURANCE (3)</b>	<b>\$244,004</b>	<b>\$237,454</b>	<b>-2.68%</b>	<b>\$225,377</b>

(1) Includes Fine Arts and Boiler & Machinery.

(2) Premiums are paid centrally through self-insured programs, with no direct allocations other than those paid to self-insurance.

(3) Insurance premiums under \$10,000 per annum are not included in this summary.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
MAJOR COMMERCIAL INSURANCE COSTS  
JUNE 30, 2005

CAMPUS: ST. LOUIS

TYPE OF COVERAGE	FY2004	FY2005	% Change FY04 to 05	Projected FY2006
<b>I. PREMIUMS WITH CAMPUS ALLOCATIONS</b>				
All-Risk Property Coverage (1)	\$232,459	\$217,611	-6.39%	\$206,047
Athletic Accident	44,311	48,016	8.36%	48,025
Broadcasters/Publishers Liability	3,579	3,758	4.99%	3,801
Fidelity/Crime/K&R	6,346	7,492	18.05%	6,197
Managed Care Errors & Omissions	0	0	0.00%	0
Non-Owned Aircraft Liability	537	263	-51.02%	526
Nuclear Energy Liability	0	0	0.00%	0
Property Insurance-MU Reactor	0	0	0.00%	0
<b>SUBTOTAL</b>	<b>\$287,233</b>	<b>\$277,140</b>	<b>-3.51%</b>	<b>\$264,596</b>
<b>II. PREMIUMS PAID BY SELF-INSURANCE (2)</b>				
Auto/General Liability-Excess Coverage	0	0	0.00%	0
Educators Legal Liability-Excess Coverage	0	0	0.00%	0
Foreign Liability-Excess Coverage	0	0	0.00%	0
Medical Malpractice-Excess Coverage	0	0	0.00%	0
Personal Property-Excess Coverage	0	0	0.00%	0
Workers' Compensation-Excess Coverage	0	0	0.00%	0
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL MAJOR COMMERCIAL INSURANCE (3)</b>	<b>\$287,233</b>	<b>\$277,140</b>	<b>-3.51%</b>	<b>\$264,596</b>

(1) Includes Fine Arts and Boiler & Machinery.

(2) Premiums are paid centrally through self-insured programs, with no direct allocations other than those paid to self-insurance.

(3) Insurance premiums under \$10,000 per annum are not included in this summary.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
MAJOR COMMERCIAL INSURANCE COSTS  
JUNE 30, 2005

CAMPUS: UM SYSTEM

TYPE OF COVERAGE	FY2004	FY2005	% Change FY04 to 05	Projected FY2006
<b>I. PREMIUMS WITH CAMPUS ALLOCATIONS</b>				
All-Risk Property Coverage (1)	\$31,949	\$16,237	-49.18%	\$18,300
Athletic Accident	0	0	0.00%	0
Broadcasters/Publishers Liability	398	418	4.99%	495
Fidelity/Crime/K&R	4,231	4,995	18.05%	4,131
Managed Care Errors & Omissions	0	0	0.00%	0
Non-Owned Aircraft Liability	2,148	1,054	-50.93%	2,108
Nuclear Energy Liability	0	0	0.00%	0
Property Insurance-MU Reactor	0	0	0.00%	0
<b>SUBTOTAL</b>	<b>\$38,726</b>	<b>\$22,703</b>	<b>-41.37%</b>	<b>\$25,034</b>
<b>II. PREMIUMS PAID BY SELF-INSURANCE (2)</b>				
Auto/General Liability-Excess Coverage	\$616,755	\$665,932	7.97%	\$663,055
Educators Legal Liability-Excess Coverage	177,000	177,664	0.38%	253,000
Foreign Liability-Excess Coverage	43,750	43,750	0.00%	43,750
Medical Malpractice-Excess Coverage	1,769,764	1,888,246	6.69%	1,359,400
Personal Property-Excess Coverage	0	0	0.00%	0
Workers' Compensation-Excess Coverage	415,311	627,994	51.21%	657,453
<b>SUBTOTAL</b>	<b>\$3,022,580</b>	<b>\$3,403,586</b>	<b>12.61%</b>	<b>\$2,976,658</b>
<b>TOTAL MAJOR COMMERCIAL INSURANCE (3)</b>	<b>\$3,061,306</b>	<b>\$3,426,289</b>	<b>11.92%</b>	<b>\$3,001,692</b>

(1) Includes Fine Arts and Boiler & Machinery.

(2) Premiums are paid centrally through self-insured programs, with no direct allocations other than those paid to self-insurance.

(3) Insurance premiums under \$10,000 per annum are not included in this summary.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
MAJOR COMMERCIAL INSURANCE COSTS  
JUNE 30, 2005

CAMPUS: HOSPITAL & CLINICS

TYPE OF COVERAGE	FY2004	FY2005	% Change FY04 to 05	Projected FY2006
<b>I. PREMIUMS WITH CAMPUS ALLOCATIONS</b>				
All-Risk Property Coverage (1)	\$119,651	\$137,907	15.26%	\$132,347
Athletic Accident	0	0	0.00%	0
Broadcasters/Publishers Liability	0	0	0.00%	0
Fidelity/Crime/K&R	12,693	14,984	18.05%	12,394
Managed Care Errors & Omissions	55,090	56,750	3.01%	57,000
Non-Owned Aircraft Liability	3,329	1,633	-50.95%	3,266
Nuclear Energy Liability	0	0	0.00%	0
Property Insurance-MU Reactor	0	0	0.00%	0
<b>SUBTOTAL</b>	<b>\$190,763</b>	<b>\$211,274</b>	<b>10.75%</b>	<b>\$205,007</b>
<b>II. PREMIUMS PAID BY SELF-INSURANCE (2)</b>				
Auto/General Liability-Excess Coverage	0	\$0	0.00%	\$0
Educators Legal Liability-Excess Coverage	0	0	0.00%	0
Foreign Liability-Excess Coverage	0	0	0.00%	0
Medical Malpractice-Excess Coverage	0	0	0.00%	0
Personal Property-Excess Coverage	0	0	0.00%	0
Workers' Compensation-Excess Coverage	0	0	0.00%	0
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL MAJOR COMMERCIAL INSURANCE (3)</b>	<b>\$190,763</b>	<b>\$211,274</b>	<b>10.75%</b>	<b>\$205,007</b>

(1) Includes Fine Arts and Boiler & Machinery.

(2) Premiums are paid centrally through self-insured programs, with no direct allocations other than those paid to self-insurance.

(3) Insurance premiums under \$10,000 per annum are not included in this summary.

### **III. SELF-INSURED EXPOSURES**

### **III. SELF-INSURED EXPOSURES**

#### **A. AUTOMOBILE & GENERAL LIABILITY**

This program provides coverage for bodily injury or property damage liability arising out of the operation or use of University-owned or operated vehicles. For employees using a personal vehicle for official business, this program provides coverage excess to the employee's personal liability limits. The plan also provides coverage for bodily injury or property damage liability arising from ownership or use of buildings or premises and/or legal liability arising from University operations.

Covered under this program are all University officers, agents, employees, and authorized volunteers.

As a loss control incentive, any department whose employee is determined to be responsible for an automobile liability loss is responsible for the first \$500 of claim costs.

Automobile and general liability coverage has been self-insured since September 1, 1985, and is funded through annual campus contributions based on the number of vehicles and square footage of buildings. The fund is currently covered by excess insurance with policy limits of \$25 million per occurrence excess of \$1 million/\$3 million retention.

Liability claims are currently administered by Thomas McGee, LC, 920 Main Street, Kansas City, MO 64141.

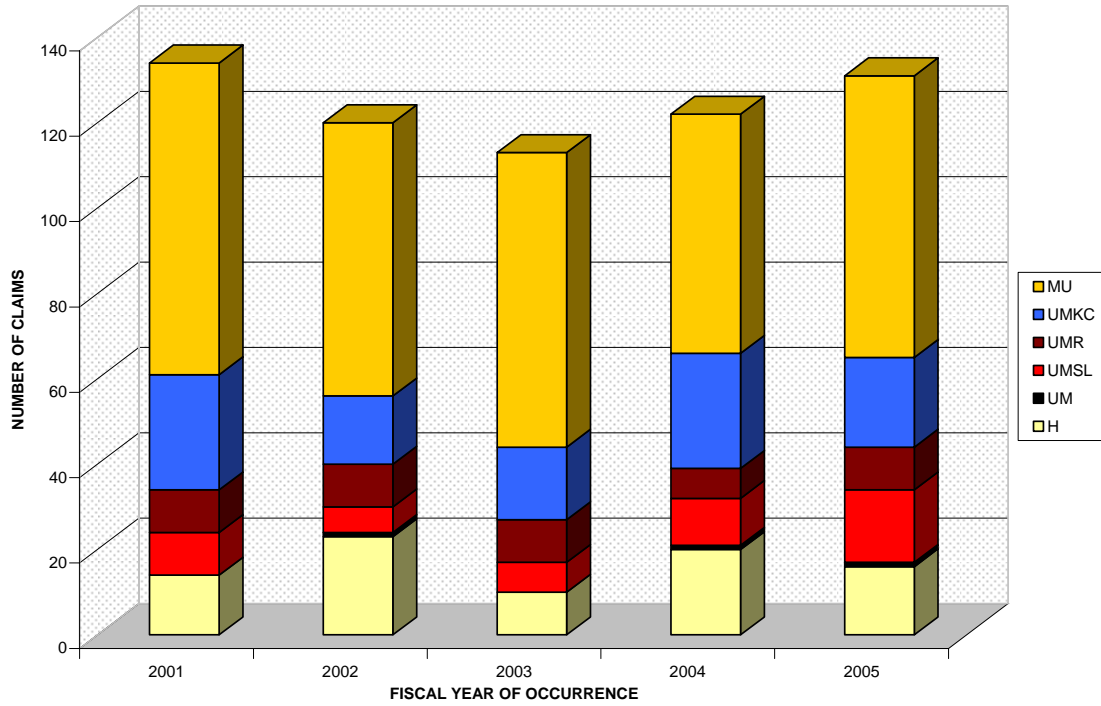
UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
AUTO/GENERAL LIABILITY SELF-INSURANCE PROGRAM  
FISCAL OPERATIONS SUMMARY  
Period: 7/1/04 through 6/30/05

	MU	UMKC	UMR	UMSL	UM	UMCHC	TOTAL
CASH BALANCE 7/1/04	\$1,226,749	\$18,248	\$127,679	\$56,741	\$273,333	\$9,269	\$1,712,019
RECEIPTS:							
Fund Contribution	\$580,522	\$224,214	\$27,000	\$81,395	\$2,250	\$145,368	\$1,060,749
Investment Income	\$34,911	\$931	\$2,867	\$660	\$9,246	\$2,511	\$51,126
<b>TOTAL RECEIPTS</b>	<b>\$615,433</b>	<b>\$225,145</b>	<b>\$29,867</b>	<b>\$82,055</b>	<b>\$11,496</b>	<b>\$147,879</b>	<b>\$1,111,875</b>
DISBURSEMENTS:							
Claim & Related Expenses	\$411,887	\$178,528	\$25,873	\$58,541	\$327	\$11,302	\$686,459
Deductibles	(\$9,610)	(\$3,472)	(\$2,480)	\$0	\$0	(\$1,950)	(\$17,511)
Administrative Expenses	\$21,619	\$5,069	\$3,203	\$4,352	\$222	\$3,342	\$37,806
Other Disbursements	\$399,946	\$94,215	\$59,186	\$80,654	\$4,059	\$61,834	\$699,893
<b>TOTAL DISBURSEMENTS</b>	<b>\$823,842</b>	<b>\$274,340</b>	<b>\$85,782</b>	<b>\$143,547</b>	<b>\$4,608</b>	<b>\$74,528</b>	<b>\$1,406,647</b>
CASH BALANCE 6/30/05	\$1,018,340	(\$30,947)	\$71,765	(\$4,751)	\$280,221	\$82,620	\$1,417,248
LIABILITIES (Reserves):							
Reported Claims	\$150,062	\$27,834	\$72,000	\$53,141	\$0	\$71,582	\$374,619
Unreported Claims	\$368,100	\$102,947	\$56,884	\$89,142	\$3,545	\$61,482	\$682,100
<b>TOTAL LIABILITIES (1)</b>	<b>518,162</b>	<b>130,781</b>	<b>128,884</b>	<b>142,283</b>	<b>3,545</b>	<b>133,064</b>	<b>1,056,719</b>
FUND BALANCE 6/30/05	\$500,178	(\$161,728)	(\$57,119)	(\$147,034)	\$276,676	(\$50,444)	\$360,529
FUND BALANCE 7/1/04	\$670,509	(\$195,078)	\$49,194	(\$103,838)	\$257,086	(\$76,055)	\$601,818
NET CHANGE FY05	(170,331)	33,350	(106,313)	(43,196)	19,590	25,611	(\$241,289)

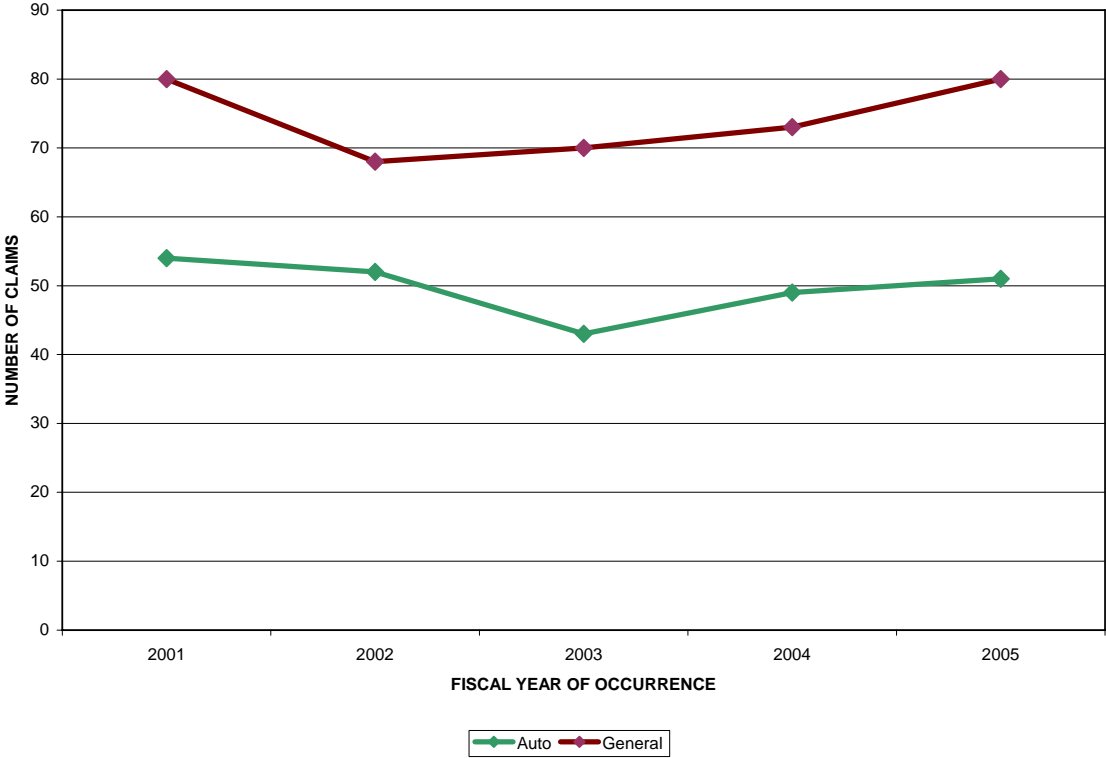
(1) Based on Tillinghast-Mar 2004

**UNIVERSITY OF MISSOURI  
AUTO/GENERAL LIABILITY  
NUMBER OF CLAIMS BY FISCAL YEAR**

Exhibit AGL-1

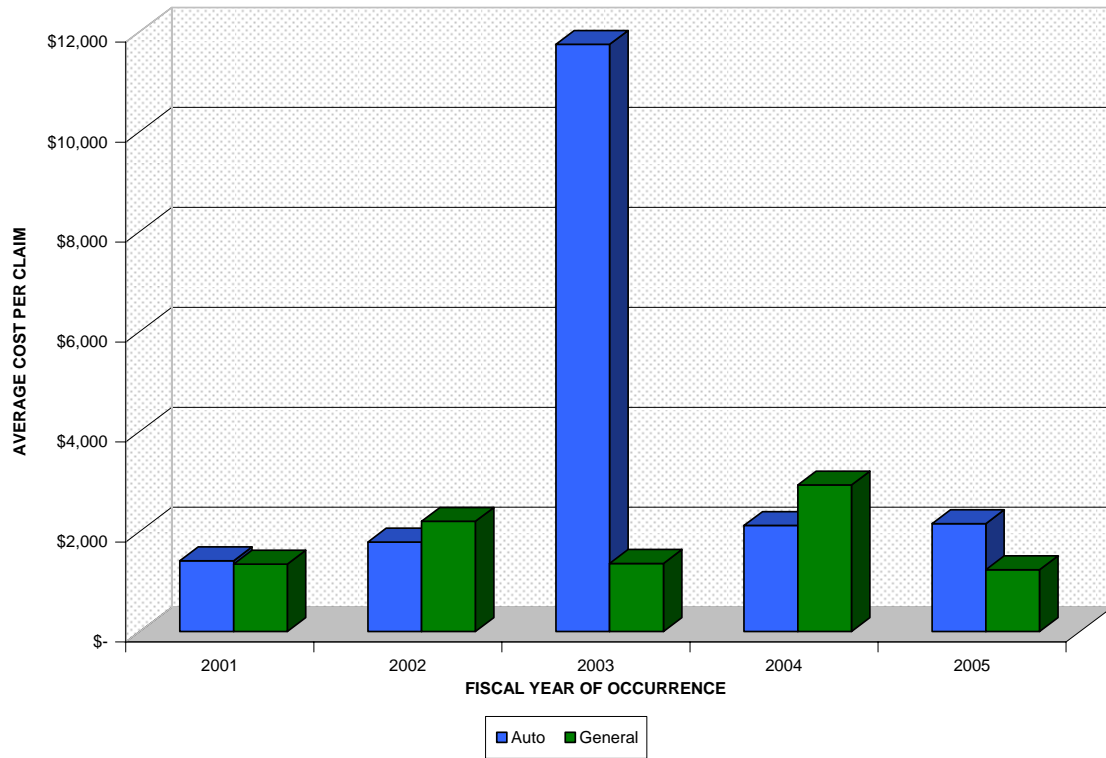


**UNIVERSITY OF MISSOURI  
AUTO/GENERAL LIABILITY CLAIMS BY PROGRAM  
2001 – 2005**



**UNIVERSITY OF MISSOURI  
AUGO/GENERAL LIABILITY  
AVERAGE COST PER CLAIM AS JUNE 30, 2005**

Exhibit AGL-3



## **B. COMPREHENSIVE, COLLISION & RENTAL VEHICLE**

### **COMPREHENSIVE AND COLLISION -**

This program provides coverage for damage resulting from comprehensive (fire, wind, theft, etc.) and/or collision exposures on vehicles owned or leased by the University. Participation is voluntary, except for those vehicles that require comprehensive/collision coverage as a condition of a purchase or lease contract.

Comprehensive and collision coverage has been self-insured on a voluntary basis since July 1, 1985, and is funded through annual premium assessments based on the value of the vehicles covered.

Deductibles are:

- \$250 per occurrence for comprehensive losses
- \$500 per occurrence for collision losses

Claims are currently administered by Thomas McGee, LC, 920 Main Street, Kansas City, MO 64141.

### **RENTAL VEHICLE -**

Any individual who rents a vehicle contractually assumes liability for any loss or damage to the vehicle regardless of fault. Although car rental companies will provide collision damage liability waiver coverage (CDW/LDW) for a daily fee, University policy requires that this coverage be declined, except under the following circumstances:

- Rentals for use of a vehicle outside the United States and Canada (when not rented using a University-sponsored corporate charge card).
- Rentals for use of a vehicle within the United States and Canada by authorized foreign national guests of the University.

Rental vehicle collision damage coverage has been self-insured since July 1, 1985. It is funded by campus contributions based on the projected number of annual rentals and modified on the basis of loss experience. Additionally, any employee renting a vehicle using a University corporate charge card is automatically provided physical damage coverage by the corporate card issuer at no cost to the University. This coverage is valid worldwide and is applicable to all car rental companies. Authorized individuals renting vehicles without using a University sponsored corporate charge card are provided coverage under the University's Self-insured Collision Damage Waiver program.

Claims are currently administered by Thomas McGee, LC, 920 Main Street, Kansas City, MO 64141.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
COMPREHENSIVE/COLLISION RENTAL VEHICLE SELF-INSURED PROGRAM  
FISCAL OPERATIONS SUMMARY  
Period: 7/1/04 through 6/30/05

	MU	UMKC	UMR	UMSL	UM	UMCHC	TOTAL
CASH BALANCE 7/1/04	\$133,163	\$45,790	\$36,715	\$128,511	\$51,583	\$74,793	\$470,555
<b>RECEIPTS:</b>							
Fund Contribution	\$24,379	\$3,360	\$1,920	\$4,859	\$960	\$2,565	\$38,043
Investment Income	\$3,969	\$1,072	\$1,282	\$4,461	\$1,809	\$2,431	\$15,024
<b>TOTAL RECEIPTS</b>	<b>\$28,347</b>	<b>\$4,432</b>	<b>\$3,202</b>	<b>\$9,320</b>	<b>\$2,769</b>	<b>\$4,996</b>	<b>\$53,067</b>
<b>DISBURSEMENTS:</b>							
Claims Expense/Comp.Collision	\$47,966	\$38,797	\$2,462	\$4,516	\$580	\$4,633	\$98,954
Claims Expense/Rental Vehicle	\$14,044	\$6,419	\$125	\$310	\$636	\$0	\$21,534
Deductibles	(\$4,250)	(\$2,000)	(\$1,000)	(\$725)	\$0	(\$500)	(\$8,475)
Other Expenses	\$9,050	\$951	\$444	\$3,621	\$21	\$2,732	\$16,820
<b>TOTAL DISBURSEMENTS</b>	<b>\$66,811</b>	<b>\$44,167</b>	<b>\$2,031</b>	<b>\$7,722</b>	<b>\$1,237</b>	<b>\$6,865</b>	<b>\$128,832</b>
FUND BALANCE 6/30/05	\$94,700	\$6,055	\$37,886	\$130,109	\$53,115	\$72,925	\$394,790
FUND BALANCE 7/1/04	133,163	45,790	36,715	128,511	51,583	74,793	\$470,555
<b>NET CHANGE FY05</b>	<b>(38,463)</b>	<b>(39,735)</b>	<b>1,171</b>	<b>1,598</b>	<b>1,532</b>	<b>(1,868)</b>	<b>(75,765)</b>

**C. EDUCATORS LEGAL LIABILITY -**

This self-insured program provides coverage for claims that may arise from exposures such as age, sex, and employment discrimination (*commonly referred to as employment practices liability*), or other professional liability exposures such as errors and omissions and/or wrongful acts, which may not be specifically insured elsewhere. Specific types of exposures which may be covered under this program include, but are not limited to, educator's legal liability, media special perils, and directors & officers exposure. These exposures are covered only to the extent that such exposures are legally allowed under Missouri law.

Covered under this program are all University officers, agents, employees, and authorized volunteers.

Excess insurance is provided by a "Directors & Officers" policy. Effective August 1, 2003, limits are \$5 million per occurrence and aggregate, for losses in excess of the following deductibles: \$500,000 entity; \$1,000 per individual insured per claim; and \$10,000 aggregate maximum for all individuals insured per claim.

Claims are administered internally by the Office of Risk & Insurance Management, in conjunction with the UM Office of the General Counsel.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
EDUCATORS LEGAL LIABILITY SELF-INSURANCE PROGRAM  
FISCAL OPERATIONS SUMMARY  
Period 7/1/04-6/30/05

	MU	UMKC	UMR	UMSL	UM	UMCHC	TOTAL
CASH BALANCE 7/01/04	2,037,484	2,138,177	182,702	630,254	174,667	504,601	\$5,667,885
<b>RECEIPTS:</b>							
Fund Contribution	\$393,556	\$346,728	\$38,872	\$137,180	\$0	\$42,550	\$958,886
Investment Income	80,724	74,491	7,269	25,302	5,758	17,707	\$211,251
<b>TOTAL RECEIPTS</b>	<b>\$474,280</b>	<b>\$421,219</b>	<b>\$46,141</b>	<b>\$162,482</b>	<b>\$5,758</b>	<b>\$60,257</b>	<b>\$1,170,137</b>
<b>DISBURSEMENTS:</b>							
Claim Expenses	42,180	336,246	5,707	64,415	10,000	53,558	\$512,106
Administrative Expenses	3,953	5,039	472	1,392	153	791	\$11,800
Miscellaneous Transfers	0	0	0	0	0	0	\$0
Other Expenses	59,517	75,863	7,107	20,964	2,310	11,903	\$177,664
<b>TOTAL DISBURSEMENTS</b>	<b>\$105,651</b>	<b>\$417,147</b>	<b>\$13,285</b>	<b>\$86,772</b>	<b>\$12,463</b>	<b>\$66,252</b>	<b>\$701,570</b>
CASH BALANCE 6/30/05	2,406,114	2,142,249	215,558	705,964	167,962	498,607	\$6,136,452
<b>LIABILITIES (Reserves)</b>							
Reported Claims	534,792	32,405	49,131	1,308,834	50,000	107,491	\$2,082,653
Unreported Claims	754,100	1,156,626	99,358	310,811	22,929	203,811	\$2,547,635
<b>TOTAL LIABILITIES (1)</b>	<b>1,288,892</b>	<b>1,189,031</b>	<b>148,489</b>	<b>1,619,645</b>	<b>72,929</b>	<b>311,302</b>	<b>4,630,288</b>
FUND BALANCE 6/30/05	1,117,222	953,218	67,069	(913,682)	95,033	187,305	1,506,164
FUND BALANCE 7/1/04	<u>503,545</u>	<u>582,807</u>	<u>59,157</u>	<u>166,772</u>	<u>81,731</u>	<u>82,518</u>	<u>\$1,476,530</u>
NET CHANGE FY05	613,677	370,411	7,912	(1,080,454)	13,302	104,787	29,634

(1) Based on Tillinghast Feb 2005, Exhibit 2.

#### **D. MEDICAL PROFESSIONAL LIABILITY**

This program provides protection to University employees and recognized volunteers as well as enrolled students pursuing courses of instruction at or under the direction or auspices of a participating medical facility against claims resulting from an injury to a patient.

This program has been self-insured since July 1, 1978, and is funded through annual contributions by the participating medical and health-related facilities and employees. Contributions are determined based on recommendations made by an independent actuarial consulting firm on an annual basis.

Bank of America (formerly Boatman's Trust Company of St. Louis) has served as the trustee on this program for several years, holding and managing program funds.

This program is reinsured with a commercial policy with a limit of \$25 million.

Claims are administered internally by the UM Office of Risk & Insurance Management and the UM Office of the General Counsel.

Medical facilities participating in this program are covered by one of three funding categories:

- Fund A - University Hospital & Clinics, including MRC, Columbia Regional and Ellis (includes residents, nurses, MU Schools of Medicine and Nursing, etc.)
- Fund B - University Physicians Group (MU)
- Fund C -
  - MU College of Veterinary Medicine
  - MU Counseling Center
  - MU Clinical Psychology
  - MU Psychological Services
  - MU Education and Counseling Psychology
  - MU Health Professions (including Health Psychology, Communication Science & Disorders, Eldercare, Health Connection, Cardio & Diagnostic Science)
  - MU School of Medicine
  - MU School of Social Work
  - MU Student Health Center
  - MU Department of Nutritional Science
  - UMKC Clinical Health Psychologists
  - UMKC Counseling Center
  - UMKC Counseling Psychology & Counselor Education
  - UMKC Ophthalmology Tech
  - UMKC School of Dentistry
  - UMKC School of Medicine-Medical Students

Fund C Continued -

UMKC School of Nursing  
UMKC Department of Social Work  
UMKC School of Pharmacy  
UMKC Student Health Center  
UMR Counseling Center  
UMR Student Health Center  
UMSL Children's Advocacy Center  
UMSL Counseling Services  
UMSL Department of Social Work  
UMSL Gerontology  
UMSL Psychology Clinic  
UMSL School of Nursing  
UMSL School of Optometry  
UMSL Student Health Center  
UMSL Trauma Center

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
MEDICAL MALPRACTICE SELF-INSURANCE PROGRAM  
FISCAL OPERATIONS SUMMARY  
Period: 7/1/04-6/30/05

	FUND A (HOSPITAL)	FUND B (MPIP)	FUND C (ALL OTHER)	TOTAL
CASH BALANCE 7/1/04	10,388,530	10,210,187	1,539,428	22,138,145
RECEIPTS				
Fund Contribution	4,887,078	5,987,028	144,295	11,018,401
Investment Income	524,239	505,554	93,856	1,123,649
TOTAL RECEIPTS	5,411,317	6,492,582	238,151	12,142,050
DISBURSEMENTS				
Claims and Related Expenses	3,353,515	6,919,451	73,134	10,346,100
Other Disbursements	806,951	1,053,466	99,118	1,959,536
TOTAL DISBURSEMENTS	4,160,467	7,972,917	172,252	12,305,635
CASH BALANCE 6/30/05	11,639,381	8,729,852	1,605,327	21,974,560
Credit for Prepaid Insurance	-	-	-	-
REVISED BALANCE	11,639,381	8,729,852	1,605,327	21,974,560
LIABILITIES (Reserves) (1)				
Reported Claims	3,542,886	4,024,534	24,835	7,592,255
Unreported Claims	8,126,578	10,703,298	991,046	19,820,922
TOTAL LIABILITIES	11,669,464	14,727,832	1,015,881	27,413,177
FUND BALANCE 6/30/05	(30,083)	(5,997,980)	589,446	(5,438,617)
FUND BALANCE 07/01/04	3,462,340	(3,166,975)	1,081,319	1,376,684
Net Change FY05	(3,492,423)	(2,831,005)	(491,873)	(6,815,301)

(1) Actuarially determined by Tillinghast & Co. Feb 2005

**E. POLICE LIABILITY -**

Police liability provides protection for liability arising out of the operations of the campuses' University Police Departments and University Hospital Security Department. The coverage provides the University and its police and security officers with liability protection against claims that arise from law enforcement activities for the following:

- Bodily Injury
- Property Damage
- Rendering of Emergency First Aid
- Personal Injury

This fund is currently covered by excess insurance with policy limits of \$25 million per occurrence excess of \$1 million/\$3 million retention.

Claims are administered internally by the Office of Risk & Insurance Management, in conjunction with the UM Office of the General Counsel.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
POLICE LIABILITY SELF-INSURANCE PROGRAM  
FISCAL OPERATIONS SUMMARY  
Period: 7/1/04 through 6/30/05

	MU	UMKC	UMR	UMSL	UM	UMCHC	TOTAL
CASH BALANCE 07/01/04	386,241	187,531	76,863	12,698	0	85,045	\$748,378
<b>RECEIPTS:</b>							
Fund Contribution	\$10,231	\$5,356	\$2,005	\$3,112	\$0	\$2,074	\$22,778
Investment Income	14,004	6,818	2,789	545	0	3,081	\$27,238
<b>TOTAL RECEIPTS</b>	<b>\$24,235</b>	<b>\$12,174</b>	<b>\$4,794</b>	<b>\$3,657</b>	<b>\$0</b>	<b>\$5,155</b>	<b>\$50,016</b>
<b>DISBURSEMENTS:</b>							
Claim & Related Expenses	\$703	\$0	\$0	\$0	\$0	\$0	\$703
Other Disbursements	0	0	0	0	0	0	\$0
<b>TOTAL DISBURSEMENTS</b>	<b>\$703</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$703</b>
CASH BALANCE 6/30/05	409,773	199,705	81,657	16,355	0	90,200	\$797,691
<b>LIABILITIES (Reserves)</b>							
Reported Claims	0	0	0	0	0	0	\$0
Unreported Claims	40,977	19,971	8,166	1,636	0	9,020	\$79,769
<b>TOTAL LIABILITIES</b>	<b>40,977</b>	<b>19,971</b>	<b>8,166</b>	<b>1,636</b>	<b>0</b>	<b>9,020</b>	<b>\$79,769</b>
FUND BALANCE 6/30/05	\$368,796	\$179,735	\$73,491	\$14,720	\$0	\$81,180	\$717,922
FUND BALANCE 07/01/04	347,617	168,778	69,177	11,428	0	76,541	\$673,541
<b>NET CHANGE FY05</b>	<b>\$21,179</b>	<b>\$10,957</b>	<b>\$4,314</b>	<b>\$3,292</b>	<b>\$0</b>	<b>\$4,639</b>	<b>\$44,381</b>

**F. SELF-INSURED PROPERTY**

The University is self-insured for the first \$100,000 of any property loss to either real property or business contents/equipment. This program provides coverage for all causes of loss except normal wear and tear.

All real property and University owned business contents and equipment are covered except for the following:

- Boiler & Machinery - insured commercially with a \$100,000 deductible.
- Licensed vehicles.
- Personal property and equipment owned by employees.
- Data of any kind (for example - diskettes would be covered but not the cost of recreating the data on the diskette).
- Fine arts, rare books and specialty items unless scheduled with the Office of Risk & Insurance Management. These are generally items on which the intrinsic value is significantly different from the actual cash value.
- Laptops and LCD projectors unless there is evidence of forcible entry or cut tie-downs.

There is a \$1,000 deductible that is the responsibility of the department that sustains the loss.

Claims are administered by the Office of Risk & Insurance Management.

UNIVERSITY OF MISSOURI  
RISK AND INSURANCE MANAGEMENT  
SELF-INSURED PROPERTY PROGRAM  
FISCAL OPERATIONS SUMMARY  
Period: 7/1/04 through 6/30/05

	MU	UMKC	UMR	UMSL	UM	UMCHC	TOTAL
CASH BALANCE 07/01/04	\$500,723	\$210,820	\$36,978	\$36,867	\$112,066	\$32,952	\$930,406
<b>RECEIPTS:</b>							
Fund Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends-MHEC	\$119,576	\$30,055	\$17,389	\$22,756	\$859	\$24,044	\$214,679
Investment Income	19,763	7,575	1,640	1,215	4,021	1,215	\$35,430
<b>TOTAL RECEIPTS</b>	<b>\$139,339</b>	<b>\$37,631</b>	<b>\$19,029</b>	<b>\$23,971</b>	<b>\$4,880</b>	<b>\$25,259</b>	<b>\$250,109</b>
<b>DISBURSEMENTS:</b>							
Claim & Related Expenses	\$84,109	\$19,230	\$2,857	\$28,498	\$0	\$23,101	\$157,795
Other Disbursements	0	0	0	0	0	0	\$0
Miscellaneous Transfers	0	0	0	0	0	0	\$0
<b>TOTAL DISBURSEMENTS</b>	<b>\$84,109</b>	<b>\$19,230</b>	<b>\$2,857</b>	<b>\$28,498</b>	<b>\$0</b>	<b>\$23,101</b>	<b>\$157,795</b>
CASH BALANCE 6/30/05	555,953	229,221	53,151	32,340	116,946	35,110	\$1,022,720
<b>LIABILITIES (Reserves)</b>							
Reported Claims	\$74,313	\$14,175	\$0	\$0	\$0	\$0	\$88,488
Unreported Claims	7,431	1,418	0	0	0	0	\$8,849
<b>TOTAL LIABILITIES</b>	<b>81,744</b>	<b>15,593</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$97,337</b>
FUND BALANCE 6/30/05	\$474,209	\$213,628	\$53,151	\$32,340	\$116,946	\$35,110	\$925,383
FUND BALANCE 07/01/04	454,138	192,680	36,978	34,117	112,066	24,394	\$854,373
<b>NET CHANGE FY05</b>	<b>\$20,071</b>	<b>\$20,948</b>	<b>\$16,173</b>	<b>(\$1,777)</b>	<b>\$4,880</b>	<b>\$10,716</b>	<b>\$71,010</b>

**G. WORKERS COMPENSATION**

Workers Compensation is a statutorily required program established for the purpose of paying medical expenses and compensation of employees who are either injured in a work-related accident or incur an occupational disease. Individuals covered include full and part-time employees, as well as students while in an employment status, and recognized volunteers.

The determination as to whether medical expenses and compensation are payable and the amount and duration of such payments are prescribed by state and other statutes and not by University policy.

Workers Compensation has been self-insured since July 1, 1980, and has been funded since July 1, 1990, by contributions based on departmental payrolls using rates set by the UM Office of Risk & Insurance Management. These rates reflect individual campus loss experience and produce a level of funding required for projected losses.

The University is currently self-insured for the first \$500,000 per occurrence. A commercial excess insurance policy provides coverage for all losses in excess of \$500,000.

As discussed in the Executive Summary, the cost of Workers' Compensation for the University has increased dramatically while the frequency has remained constant or even declined. A system-wide task force is currently working to address the issues of increasing cost. These trends are evident in WC-1 & 2.

Claims are currently administered by Thomas McGee, LC, 920 Main Street, Kansas City, MO 64141.

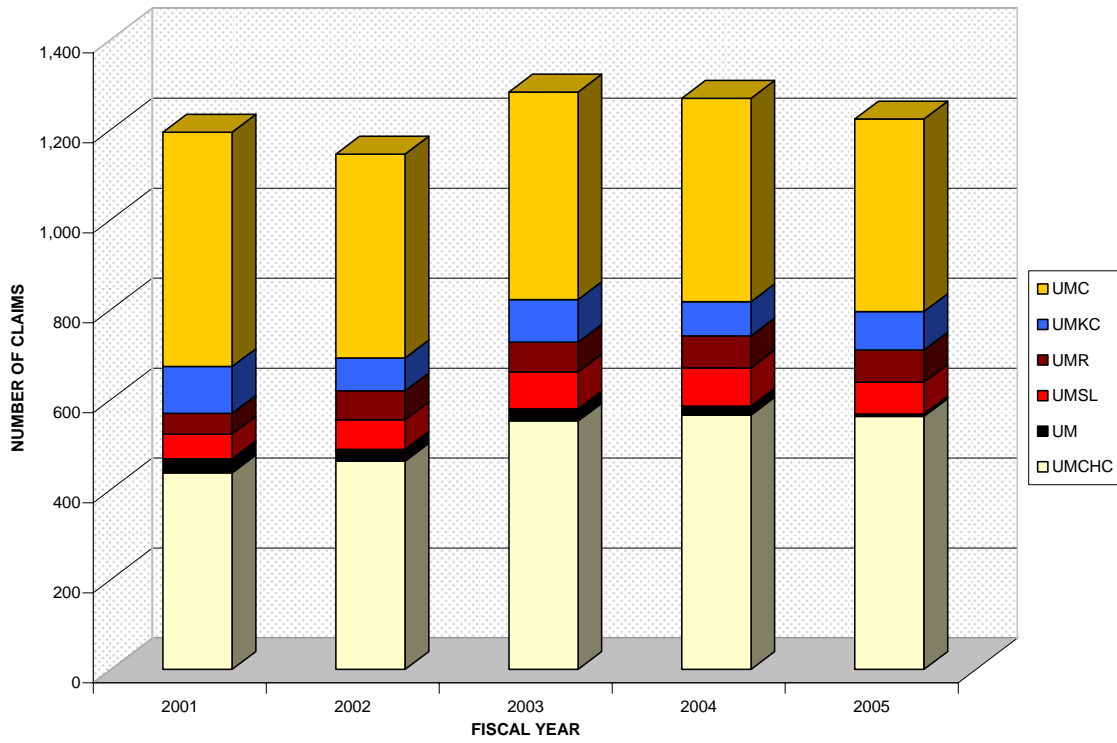
RISK AND INSURANCE MANAGEMENT  
 WORKERS COMPENSATION SELF-INSURANCE PROGRAM  
 FISCAL OPERATIONS SUMMARY  
 Period: 07/1/04 through 6/30/05

	MU	UMKC	UMR	UMSL	UM	UMCHC	TOTAL
CASH BALANCE 7/1/04	\$2,341,874	\$359,877	\$194,429	\$321,768	\$311,983	\$4,025,167	\$7,555,098
RECEIPTS:							
Fund Contribution (1)	\$3,167,971	\$1,167,379	\$580,418	\$801,434	\$149,577	\$5,222,502	\$11,089,282
Investment Income (1)	\$90,685	\$19,837	\$10,068	\$16,077	\$10,074	\$164,247	\$310,989
TOTAL RECEIPTS	\$3,258,657	\$1,187,216	\$590,487	\$817,511	\$159,651	\$5,386,749	\$11,400,270
DISBURSEMENTS:							
Claim Expenses	\$1,927,152	\$493,957	\$451,579	\$475,865	\$151,931	\$2,125,903	\$5,626,387
Administrative Expense	\$145,583	\$54,865	\$16,591	\$37,770	\$25,819	\$223,645	\$504,272
Miscellaneous Transfers	\$0	\$0	\$38,200	\$0	\$0	\$0	\$38,200
Other Expenses	\$396,236	\$155,250	\$45,675	\$93,831	\$60,444	\$566,493	\$1,317,928
TOTAL DISBURSEMENTS	\$2,468,971	\$704,072	\$552,045	\$607,466	\$238,194	\$2,916,041	\$7,486,787
CASH BALANCE 6/30/05	\$3,131,560	\$843,022	\$232,871	\$531,813	\$233,440	\$6,495,876	\$11,468,581
LIABILITIES (Reserves)							
Reported Claims	\$1,509,948	\$730,135	\$299,663	\$361,274	\$138,290	\$2,598,303	\$5,637,613
Unreported Claims	\$1,418,503	\$499,652	\$190,545	\$287,935	\$80,452	\$1,757,249	\$4,234,336
TOTAL LIABILITIES (2)	\$2,928,451	\$1,229,787	\$490,208	\$649,209	\$218,742	\$4,355,552	\$9,871,949
FUND BALANCE 6/30/05	\$203,109	(\$386,765)	(\$257,337)	(\$117,396)	\$14,698	\$2,140,323	\$1,596,632
FUND BALANCE 07/01/04	(\$271,031)	(\$440,790)	(\$146,210)	(\$246,834)	\$46,777	(\$204,124)	(\$1,262,212)
NET CHANGE FY05	\$474,140	\$54,025	(\$111,127)	\$129,438	(\$32,079)	\$2,344,447	\$2,858,844

(1) Runs one month in arrears and is caught up at year-end  
 (2) Actuarially determined by Tillinghast, Feb 2005

**UNIVERSITY OF MISSOURI  
WORKERS' COMPENSATION  
NUMBER OF CLAIMS**

Exhibit WC-1



### UNIVERSITY OF MISSOURI WORKERS' COMPENSATION

