

**MINUTES OF THE CSURMA EXECUTIVE COMMITTEE
LONG RANGE ACTION PLANNING MEETING**

MARCH 20, 2015

**ALLIANT INSURANCE SERVICES
1301 Dove Street, 2nd Floor • Newport Beach, CA**

8:00 AM

MEMBERS PRESENT

George Ashkar (Treasurer) – CSU, Office of the Chancellor – *Arrived at 9:29 AM*
Lisa Chavez - CSU, Los Angeles
Robert de Wit (AORMA Chair) - Forty-Niner Shops, Inc., CSULB
Robert Eaton (Secretary/Auditor) – CSU, Office of the Chancellor
Lori Gentles – CSU, Fullerton
Linda Hawk (Acting Chair) – CSU, San Marcos
Mike Lee – CSU, Sacramento
Frank Mumford (AORMA Vice-Chair) – CSU, Fullerton

MEMBERS ABSENT

Mike Thorpe – CSU, Chico

STAFF, GUESTS & CONSULTANTS

Ron Cortez - San Francisco State University
Kelly Cox – CSU, Office of the Chancellor
Melissa Diaz - Alliant Insurance Services, Inc.
Zachary Gifford – CSU, Office of the Chancellor
Daniel Howell - Alliant Insurance Services, Inc.
William Hsu – CSU, Office of General Counsel
Rob Leong - Alliant Insurance Services, Inc.
Mimi Long - Alliant Insurance Services, Inc.
Jacki Graf - Alliant Insurance Services, Inc.
Rebecca Skidmore – CSU, Office of the Chancellor

1. CALL TO ORDER

The meeting was called to order by the Acting Chair, Linda Hawk at 8:04 AM.

2. Review of the CSURMA FY 14/15 Long Range Action Plan

Daniel Howell reviewed the FY 14/15 Long Range Action Plan.

- ✓ CSURMA 101 – The CSURMA 101 presentation is a basic summary of CSURMA. Zachary Gifford and Daniel Howell presented it to the PSSOA staff and it was well received. This item is complete.

- ✓ Unemployment Insurance – Rebecca Skidmore completed her analysis of the UI program and will present her results later in the day.
- ✓ Workers’ Compensation Claims Closure Initiative – A detailed summary of this item will be presented later in the day.
- ✓ Workers’ Compensation Reinsurance – The workers’ compensation coverage with CSAC EIA was bound in January, 2015. This item is completed.
- ✓ OCIP Renewal – A process to document the savings has been put into place. Contractors are now asked to bid with and without insurance coverage which make tracking savings easier.
- ✓ Unmanned Aerial Vehicles – The insurance coverage program has been implemented and completed. The CSU is working on obtaining a blanket Certificate of Authorization (COA) to use UAVs. The CO is also working on creating a manual for the campuses to use to obtain an individual COA if a master COA is not available. UC Merced has several UAVs and Zachary Gifford is in contact.
- ✓ Student Placement Agreements – The CO continues to work on placing blanket agreements with host companies. Blanket letters with indemnity language for the CSU Contract Procurement staff will continue to be developed. This item will stay on the LRP for FY 15/16.

A motion was made to accept the Long Range Action Plan report.

MOTION: Frank Mumford

SECOND: Mike Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar				X
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

3. Campus Pooled Program Funding Status

Robert Leong summarized this item and explained the Estimated Funding Projected to FYE 2015 graphs. The Liability Risk Pool has \$13MM in reserve funds excess of the estimated outstanding liabilities at a 70% confidence level. The reserves decreased from \$22MM at 6/30/14 to \$13MM at 6/30/15 due to the \$7MM dividend declared in FY 14/15. The Workers’ Compensation Risk Pool does not have any reserve funds above the 70% confidence level. The estimated outstanding liabilities increased from \$69MM at 6/30/14 to \$80MM at 6/30/15. This is because more self-insured years were added to the program’s outstanding liabilities.

Leong also summarized the Target Surplus Funding Analysis report. For the Liability Risk Pool, the estimated fund balance at 6/30/15 is \$32MM and the estimated outstanding liability, including ULAE, at a 70% confidence level at 6/30/15 is \$19MM. Therefore, the estimated program reserves are \$13MM. When applying the surplus ratios, the largest indicated minimum surplus is Surplus to Retention, or \$5MM. Based on this calculation, \$8,336,706 is the maximum dividend available. It is the practice of CSURMA to distribute 50% of the maximum dividend available. The Workers' Compensation Risk Pool has no excess funds to distribute. The dividend discussion will be before the Executive Committee in September as an action item.

A motion was made to accept these reports.

MOTION: Lisa Chavez
SECOND: Frank Mumford

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar				X
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

4. Liability Claims Administration Audit Results

Zachary Gifford summarized this item. CSURMA engaged Dennis Mitchell of Bickmore Risk Servicers to conduct a performance review of its liability claims administration provided by the Systemwide Office of Risk Management. Bickmore finds an overall performance level of 96% which indicates a superior performance level. Gifford noted that iVOS is being updated to include a litigation screen which will include the attorney's name and case number.

A motion was made to accept the Campus Liability Risk Pool claims administration audit.

MOTION: Frank Mumford
SECOND: Mike Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar				X
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			

Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

5. Status of Form 700 Filing

The committee reviewed the status of the Form 700 files. Mimi Long noted that as of today, 26 Form 700's are still outstanding. Lisa Chavez noted that electronic filing may be available but thought it might be problematic for the CSU.

A motion was made to accept the report and to direct Staff to continue to follow up for the outstanding reports from the signers as well as contacting the Campus VPs for assistance, if necessary.

MOTION: Frank Mumford

SECOND: Lisa Chavez

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar				X
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

6. Annual Review of (1) Data Security Policy and (2) the Integrated CSU Administration Manual

The Executive Committee resolved to annually review applicable sections of the Integrated CSU Administrative Manual (ICSUAM) and any updates thereto, as well as CSURMA's data security policies. Kelly Cox noted that CSU Accounting reviews all updates to the ICSUAM and if applicable will recommend adoption by CSURMA. Cox explained that two new policies – 1001.00 - Delegation of Authority to Obligate the University and 7100.00 – Identity Access Management appear to be applicable to CSURMA. Cox summarized the two new policies.

1101.00 states that it is the policy of the CSU that the development, executive and management of contracts that obligate the CSU to perform functions, to participate in activities, or that provide access to CSU resources follow an explicit delegation of authority as authorized by the

campus president. 7100.00 state that the CSU Information Security Policies require secure, reliable and timely methods to control access to information assets. Identity Access Management is a framework that consists of governance, process and technology to control access to information, systems and physical resources using Electronic Identities. The policy identifies the responsibilities of CSU Campuses and the Chancellor’s Office related to Identity and Access Management.

The Executive Committee agreed with Cox’s recommendation to adopt these two new ICSUAM policies.

A motion was made to adopt Resolution No. 04-15 (EC).

MOTION: Frank Mumford

SECOND: Lisa Chavez

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar				X
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

7. Review of Auxiliary Service Provider Report

Zachary Gifford summarized the results of the Auxiliary Service Provider Report. On an annual basis CSU Systemwide Risk Management contacts CSURMA members who regularly use vendor services and asks them to complete an on-line vendor survey. This process allows CSURMA to evaluate those organizations that provide services. For 2014 the following vendors and service providers were listed on the survey:

- | | |
|--|---|
| <i>Alliant (Program Admin)</i> | <i>Alliant (Claims – property/crime/GL-2011)</i> |
| <i>Alliant (Insurance Broker)</i> | <i>CO Risk Management (liability claims)</i> |
| <i>Alliant (W/C consulting)</i> | <i>AON e-Solutions (iVOS – W/C & Liability)</i> |
| <i>CO Risk Management (Consulting)</i> | <i>Workplace Answers (web-based training)</i> |
| <i>A-G Admin (AIME)</i> | <i>CO Enterprise Accounting</i> |
| <i>Equifax-TALX (UI claims)</i> | <i>Belfor (property restoration)</i> |
| <i>Sedgwick CMS (W/C claims)</i> | <i>Har-bro (property restoration)</i> |

Overall the vendors who provide services to CSURMA continue to score well within the 80th percentile. The complete 2014 Vendor Survey Report will be posted on the CSURMA website.

8. Workers' Compensation Program Claims Closure Initiative Update

Zachary Gifford and Jacki Graf summarized the progress on this item – the Double Play Project. The project began on a pilot basis, focusing on the oldest SELF claims within Southern California. Double Play is a collaborative effort that engages a team of Workers' Compensation professionals to evaluate and strategize old, costly or problematic Workers' Compensation claims for resolution and/or enhanced employee care. The focus of Double Play is to review claims for a fresh perspective. The Double Play team consisting of Corey Ingber, Zachary Gifford, Jacki Graf, Trish Daniels and the Sedgwick Claims Examiners as well as the Campus Claim Coordinators and defense attorneys, if assigned, have met on four separate occasions to brainstorm regarding settlement or claim cost reduction strategies.

Graf explained one such strategy that resulted in a significant cost savings on a claim. The initial Medicare Set Aside projection was \$446,000. Through actions directed by the double play discussion - deposition of the treating physician with the injured worker and husband present - a revised Medicare Set Aside was issued for \$20,000. This was sent to CMS for approval. CMS approved a Medicare Set Aside of \$206,000. The double play strategy reduced the medical exposure on the claim by \$240,000. This is a significant savings and far outweighs the consulting costs to date.

Staff recommends continuing this program and for FY 15/16 and, going forward, it is recommended that subsequent legal fees from Corey Ingber be allocated directly to the associated claim file for reimbursement.

The Executive Committee directed Staff to bring a proposal to the next meeting for an ongoing program. Also, the committee asked that the quarterly Workers' Compensation Score Cards be included in the May agenda packet.

Gifford confirmed that the Score Cards are currently sent to the Campus Claims Coordinators. Staff was directed to also send the Score Cards to the Campus Risk Managers as well as CABO.

9. Agility Recovery

Daniel Howell explained the Agility Recovery proposal. Agility Recovery is a business continuity services provider. Agility helps restore critical operations at or near the members' location, focusing on four key elements of disaster recovery - electrical power, alternate workspace, hardware, and connectivity for staff. The proposed membership fee is \$5,990 per month, or \$71,880 annually. This includes a maximum of ten CSU disaster locations at any one time.

Howell explained that the services provided by Agility are a subset of the services Belfor would normally subcontractor for, but with this contract, CSURMA members avoid the "mark-up" by having an Agility membership via CSURMA. Also, because CSURMA has a contract with Agility, the Members will be first in line for services should a major disaster occur.

A motion was made to delegate authority to the CSURMA Secretary-Auditor to negotiate and bind this new service.

MOTION: Frank Mumford

SECOND: Lori Gentles

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar	X			
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

10. Policy and Procedure Outlining Underwriting Guidelines for Granting Additional Insured Status

As explained by Daniel Howell, Alliant has been delegated authority to issue certificates of insurance for the members; however, there is no criterion in place for granting additional covered party status.

A motion was made to direct Staff to develop a process for issuing certificates of insurance and granting additional insured status.

MOTION: Frank Mumford

SECOND: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar	X			
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

11. Unemployment Insurance Trend Report

Rebecca Skidmore provided an overview of her unemployment insurance evaluation. The committee review charts and graphs provided. The first quarter’s claims are always the largest due to the summer break when the adjunct professors are laid off. The committee discussed techniques to reduce adjunct professors from filing UI claims - consider issuing a letter which includes the reasonable expectation that the adjunct professors will be hired back in fall; incorporate into the employment letter a statement which confirms that the adjunct professor does not desire to work full-time.

Skidmore mentioned that some campuses have high UI claims in comparison to the other campuses. A review of those campuses might reveal some UI claims controlling techniques to be put into place. The committee suggests having the Campus Human Resources Offices involved in the UI discussion.

The goal of this project was to identify opportunities that might exist or that could be developed to lower the overall UI costs and to assess the resources and ability of the CSU to successfully implement or change its business model to optimize those opportunities.

A motion was made to direct Staff to create a UI White Paper for Steve Relyea which discusses techniques to lower UI costs and resources available to CSU to successfully implement a plan.

MOTION: Frank Mumford

SECOND: Lori Gentles

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar	X			
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

12. Blanket Surety Bond for CSU’s On-Line Instruction

Daniel Howell advised that certain states require the University to post a surety bond prior to offering on-line instruction within those states. Howell has been informed that it appears each campus offering on-line instruction is being asked to post separate bonds. Considering that the CSU is one legal entity, it may be possible to post a single bond for all of the campuses. The bond could list all of the CSU Campuses and Auxiliary Organizations that are required to post a bond.

A motion was made to direct staff to research the single bond approach and report back at the May, 2015 meeting.

MOTION: Frank Mumford
SECOND: Mike Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar	X			
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

13. CSU / UC Workers' Compensation Summit

Zachary Gifford explained that he has been meeting with his counterparts at the University of California to share workers' compensation information and develop benchmarking data. It was discussed that the CSU and UC workers' compensation claims examiners would benefit from joining together in a professional development summit. Gifford explained that the CSU / UC workers' compensation summit would be a two day affair and would be offered to all of the CSU and UC workers' compensation claims examiners. Campus EH&S and Risk Managers would be invited as well. The first day may include a brainstorming session between the CSU and UC workers' compensation claims examiners discussing strategies and best practices. The second day would have a series of informational sessions. Gifford hopes to have the summit in Oakland. It is expected that the cost to sponsor this summit would be approximately \$30,000 if CSURMA co-sponsors the activity and reimburses travel expenses for one representative from each CSU campus.

A motion was made to approve an expenditure of \$30,000 for the CSU / UC Workers' Compensation Summit.

MOTION: Mike Lee
SECOND: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar	X			
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			

Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

14. Workers’ Compensation Trends, Benchmarking Endeavors and Legislation Analysis

Zachary Gifford and Daniel Howell explained that the California Workers’ Compensation Institute (CWCI) is a research and educational association which provides workers’ compensation statistical information for public entities. Public entities can join as associate members for \$3,500 annually. This allows the member to review statistical industry information. CWCI also offers a more expensive membership of \$27,000 annually, which allows the member to compare its own loss information to the remaining members. Graf mentioned that she and Gifford will attend a webinar on March 30th to receive an overview of the services provided by CWCI. Staff was directed to develop a benchmarking project for the Executive Committee to review.

15. Development of New Programs, Services and Projects

Daniel Howell noted that the programs, services and projects for FY 15/16 will be summarized in the next item.

16. Development of CSURMA Goals for Next One to Three Years

The Executive Committee decided on the following projects for FY 15/16:

1. Master Student Placement Agreements with Key Partners – Pipeline report in September, 2015 and semi-annual report thereafter. Post on website? Contract store?
2. Filing of Form 700’s - Lisa Chavez will provide additional information on why this may be problematic for CSU.
3. Workers’ Compensation Case Closure Initiative – Jacki will explain strategies for moving from a pilot program to an ongoing program, May, 2015.
4. Agility Recovery Property Loss Response Program – July 1, 2015 implementation and communication plan.
5. Additional Covered Party Policy and Procedure – December, 2015
6. Develop Master Multi-State Surety Program for On-Line Education Programs – Report to Executive Committee in September, 2015
7. Joint CSU - UC Workers’ Compensation Summit – Winter 2016
8. Program Benchmarking Project – Internal and External Benchmarks. September Executive Committee project plan and milestones and deliverable.
9. Develop Special Events Risk Management Manual – FY 15/16 create manual and FY 16/17 roll out training on learning management system.

- 10. Select and Implement Searchable Insurance Policy Database – Present a plan at the September Executive Committee.
- 11. Unemployment Insurance Trend Report White Paper to summarize the ongoing issues for Steve Relyea – September, 2015

A motion was made to direct Staff to develop for the next Board and Executive Committee meetings the FY 15/16 Long Range Plan based on the discussions at today’s meeting.

MOTION: Frank Mumford
SECOND: Mike Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar	X			
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED

ADJOURNMENT

A motion was made to adjourn the meeting at 11:05 AM.

MOTION: Frank Mumford
SECOND: George Ashkar

NAME	AYE	ABSTAIN	NAY	ABSENT
George Ashkar	X			
Lisa Chavez	X			
Robert de Wit	X			
Lori Gentles	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Mike Thorpe				X

MOTION CARRIED