

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING**

MAY 8, 2015

**CSU CHANCELLOR'S OFFICE, MUNITZ ROOM
401 Golden Shore • Long Beach, CA**

8:00 AM

MEMBERS PRESENT

George Ashkar (Treasurer) – CSU, Office of the Chancellor
Lisa Chavez – CSU, Los Angeles
Robert de Wit (AORMA Chair) - Forty-Niner Shops, Inc., CSULB
Lori Gentles – CSU, Fullerton
Linda Hawk (Acting Chair) – CSU, San Marcos
Mike Lee – CSU, Sacramento
Frank Mumford (AORMA Vice-Chair) – CSU, Fullerton (*via Teleconference from 8:00 AM to 9:15 AM*)
Mike Thorpe – CSU, Chico

MEMBERS ABSENT

None. (Note: The Chair position was vacant for this meeting due to Cynthia Matson's departure from CSU, Fresno.)

STAFF, GUESTS & CONSULTANTS

Martin Brady - Self Insurance Authority
Kelly Cox - CSU Office of the Chancellor
Melissa Diaz - Alliant Insurance Services, Inc.
Robert Eaton (Secretary/Auditor) – CSU, Office of the Chancellor
Zachary Gifford – CSU, Office of the Chancellor
Jacki Graf - Alliant Insurance Services, Inc.
Daniel Howell - Alliant Insurance Services, Inc.
William Hsu – CSU, Office of General Counsel
Alice Kim – CSU Office of the Chancellor
Rob Leong - Alliant Insurance Services, Inc.
Mimi Long - Alliant Insurance Services, Inc.
Kevin Saunders – CSU, Monterey Bay
Rebecca Skidmore – CSU, Office of the Chancellor

A. CALL TO ORDER

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

A1. Approval of the Agenda

A motion was made to approve the order of the agenda as presented.

MOTION: Lori Gentles
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

B. PUBLIC COMMENTS

There were no comments from the public.

C. CONSENT CALENDAR

- C1. Approval of Minutes – March 19 & 20, 2015**
- C2a. Receipt and Review of the Draft Financial Statements at March 31, 2015**
- C2b. Treasurer’s Report dated April 15, 2015**

A motion was made to approve the items on the consent calendar.

MOTION: Mike Thorpe
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

D. GENERAL ADMINISTRATION

D1. Review of FY 15/16 Long Range Action Plan

Daniel Howell reviewed the FY 15/16 Long Range Action Plan.

A motion was made to approve the FY 15/16 Long Range Action Plan as presented.

MOTION: Mike Thorpe

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

D7. Workers' Compensation Trends and Benchmarking Proposal

This item was discussed out of the agenda order to accommodate the time of the guest presenter, Martin Brady. Zachary Gifford introduced this item. Systemwide Risk Management has been exploring benchmarking services to provide assistance in evaluating CSURMA's workers' compensation claims data. Martin Brady of Schools Insurance Authority who currently serves on the CWCI Executive Committee provided information regarding CWCI for the Committee consideration.

As explained by Brady, CWCI's primary focus is public policy research that identifies, defines, and quantifies workers' compensation claims data which may lead to developing practical solutions. CWCI can identify medical and indemnity trends and determine how legislative changes affect workers' compensation costs. Member's assumptions of claim results can be confirmed with accuracy. This allows members to drill down on actual changes within performance. As a CWCI Member, CSURMA will be able to access benchmark tools that will show CSURMA's performance versus a comparison group on a variety of different measures. CWCI also provides technical training and continuing education for its Members such as new regulations governing medical provider networks, ambulatory surgery center fees, and physician pre-designation and chiropractic care. CWCI also conducts its annual case law seminar series to educate claims and legal professionals on recent changes brought about through decisional law.

Currently, 90% of private sector payroll is represented by members of CWCI. Based on CSURMA’s total payroll, the annual fee is \$27,500 to join CWCI as an Associate Member who contributes data and has custom reporting and benchmarking access.

A motion was made to delegate authority to the Director of Systemwide Risk Management to pursue membership for CSURMA in the CWCI as an Associate Member who contributes data, including authorizing the expenditure of \$27,500 to join CWCI.

MOTION: Lisa Chavez
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

D2. Review of CSURMA Operational Review Report

The operational review was presented by the report preparer, Robin Johnson, and accepted by the Executive Committee at the March 19, 2015 meeting. Daniel Howell discussed the CSURMA Operational Review – Response Matrix. The Operational Review recommended revisions to the Joint Exercise Powers Agreements and Bylaws. These recommended revisions were adopted by the Board at its meeting on April 27, 2015. The operational review recommended revisions to several of CSURMA’s contracts. The contracts are either being discussed at today’s meetings or were discussed at the AORMA Committee meeting on May 7, 2015. The CSURMA Conflict of Interest Code did receive the appropriate authorization and has been filed with the FPPC. CSU Accounting is considering the recommendation to complete the supplemental GASB 10 disclosures. A breakout of the liability and workers’ compensation programs within the audited financial statement was recommended and CSU Accounting is reviewing this recommendation as well.

A motion was made to adopt the CSURMA Operational Review – Response Matrix and to direct staff to continue providing the Executive Committee with updates until all items are closed to the satisfaction of the Executive Committee.

MOTION: Mike Lee
SECOND: Mike Thorpe

| 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

D3. Insurance and Reinsurance Renewal Report

Daniel Howell updated the Committee on the FY 15/16 insurance and reinsurance renewals.

1. *AORMA Liability - Reinsurance Agreement w/ Genesis (\$4,650,000 excess of \$350,000).* Genesis provided a renewal proposal with a 5% increase in premium due to claims activity within the reinsurance layer. In addition, Howell anticipates that their SIR will likely increase in FY 16/17. The reinsurance premium for FY 15/16 will be \$1,071,000; the FY 14/15 premium was \$1,020,000. This increase is within the budgeted AORMA reinsurance premium for FY 15/16.
2. *Excess Liability (\$10,000,000 excess of \$5,000,000).* Ironshore, the lead excess insurer confirmed its ability to maintain the expiring self-insured retention and has indicated terms with an increase of 5% over expiring. Alliant is now negotiating the terms for the excess liability tower and believes it will be able to replace CV Starr’s participation which is necessitated by Starr’s exit from the California municipal liability insurance market. Howell expects to obtain terms for the entire renewal within a 3% to 4% increase over expiring. The Liability Program is being marketed extensively.
3. *Crime.* The campus and auxiliary crime programs have had losses; however, Howell still is expecting a flat rate renewal overall for the programs. This will be discussed in detail with the underwriters the first week of June, 2015.
4. *Excess Workers’ Compensation.* Effective January 1, 2015, CSURMA joined CSAC EIA for the coverage of its workers’ compensation program. This locked-in the pricing for 18-months. EIA has received a quote from the CSURMA incumbent excess workers’ compensation carrier, Safety National, at the same terms as expiring.
5. *Property.* CSU and the auxiliary organizations have had excellent property loss results in recent years; however, CSU Los Angeles has just had a significant loss (\$8MM reserved loss) which will impact future renewals. The property market remains soft. Howell expects the renewal rates to remain stable following last year’s sizeable decrease but an increase for FY 2016/17 if the CSU Los Angeles loss is paid as reserved.

6. AIME will be meeting within the next few weeks. Robert Leong expects rates will be increasing between 5% and 10%.

No action was taken as this item was for information only.

Frank Mumford leaves the meeting at this point.

D4. CSU Special Events Risk Management Resource Guide (Campuses and Auxiliary Organizations)

Zachary Gifford explained that Development of a CSU Special Events Risk Management Resource Guide is included as Item #LRP-9 on the FY 15/16 Long Range Action Plan. A proposal was received from Joe Risser at Risk Management Design for development of a Special Events Manual, as well as a Good Practices for Campus Special Events Presentation, and a webinar presentation to be included in the systemwide training library. The cost for the special events manual and resources is \$45,000 over a two-year period.

A motion was made to approve the proposal for the CSU Special Events Risk Management Resource Guide.

MOTION: Mike Thorpe
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

D5. Workers' Compensation Claims Closure Project

Zachary Gifford and Jacki Graf discussed this item. The initial focus of this “Doubleplay Program was to review files within the Schools Excess Liability Fund (SELF) excess layer years (7/1/1995 - 6/30/2004). Now that the benefits of this program are documented, it is being proposed that the file base for this project be expanded to include all file years throughout the CSURMA workers’ compensation program with a focus on files that have one or more of the following issue/concerns:

1. High active spend

2. High value total incurred
3. Complex files
4. Older dates of injury
5. Stagnant files with substantial dollar exposure

Once the previously approved \$50,000 limited is reached, all subsequent legal fees from Corey Ingber’s firm will be allocated directly to the claim file for reimbursement.

A motion was made to continue the “Doubleplay Program” with an expansion of the file population impacted and changing from a direct pay by CSURMA to the allocation of costs for the review to the individual claims file as an expense cost.

MOTION: Robert de Wit

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

D6. Praesidium Contract for Prevention of Sexual Abuse of Minors

Melissa Diaz summarized this item. The current contract with Praesidium for prevention of sexual abuse of minors will expire on June 30, 2015. Praesidium has proposed two renewal options. The first option includes the same services as the expiring contract. The second option includes expanded services such as On-Site Training and Presentations to Senior Leadership. The Executive Committee reviewed the utilization report provided by Praesidium as well as the renewal proposal options.

The Committee felt that this contract needed to be brought before CABO to finalize a decision with regard to expanded services. Linda Hawk, Mike Lee and Kevin Saunders will work on the CABO agenda placement. A decision was made to extend the current contract to November 1, 2015, with the existing terms and conditions and to invite Praesidium to provide a 15 to 20 minute presentation at the CABO meeting on September 16, 2015. The Executive Committee can then make a final decision at its meeting on October 23, 2015.

A motion was made to delegate authority to the CSURMA Secretary-Auditor to extend the current contract to November 1, 2015.

MOTION: Mike Lee
SECOND: Mike Thorpe

| 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

D8. Risk Management Innovation Grant Program

Zachary Gifford explained that at its December 5, 2014 meeting, the Executive Committee approved the use of unencumbered risk management grant funds for systemwide risk management endeavors. The EH&S Affinity Group submitted a grant application for \$50,000 which would give the entire CSU System a one-year membership in the UC Safety Training Consortium providing online training resources and tools for lab safety and other EH&S / Risk Management topics.

A motion was made to approve the Risk Management Innovation Grant application received by the EH&S Affinity Group at the cost of \$50,000 to CSURMA.

MOTION: Lisa Chavez
SECOND: Mike Thorpe

| 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

D9. Policy and Procedure No. 15 – Responsibilities of the Treasurer and the Secretary-Auditor

Daniel Howell explained that at its March 19, 2015 meeting, the Executive Committee reviewed all of the odd-numbered Policies and Procedures, but tabled Policy and Procedure No. 15 for further review at today’s meeting. The Executive Committee asked that ongoing authority be delegated to the Secretary-Auditor to bind insurance renewal policies with insurers once negotiations are finalized. The Committee reviewed the recommended revisions to Policy and Procedure No. 15 and suggested additional changes as shown below.

3. AUTHORITY TO BIND INSURANCE

3.1. ~~To avoid potential lapse in coverage as terms are being finalized with insurers, the Executive Committee instructs the~~ The Secretary-Auditor is authorized to finalize negotiations with insurers and to bind insurance on behalf of the CSURMA. ~~each and every year within the guidelines directed by the Executive Committee.~~

3.2. The Secretary-Auditor shall ~~is instructed to~~ provide a final report summarizing the insurance bound on behalf of CSURMA ~~at the next meeting of~~ to the Executive Committee.

A motion was made to recommend adoption by the Board of Directors of the amendments to Policy and Procedure No. 15 as documented in 3.1 and 3.2 above.

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

D10. Form 700 Electronic Filings

Mimi Long noted that the FPPC is now able to approve and certify electronic filing systems for the statements of economic interests (Form 700). CSURMA must submit an application to the FPPC for electronic filing. There is an application fee of \$1,000. Upon FPPC approval, the Form

700 electronic filings must be managed through an online management system. Staff is currently researching two such online management systems.

A motion was made to approve application to the FPPC for authorization to file electronically CSURMA’s Form 700’s including payment of the \$1,000 application fee.

MOTION: Lisa Chavez
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

D11. Development of Optional Coverage for the University’s Business Personal Property (Campus 86)

Rob Leong explained the concept of developing a property coverage option for campuses’ to insure their higher-valued business personal property items. Daniel Howell noted that the first phase of this program for FY 15/16 would be to announce to the campuses that coverage for business contents is available within the campus property program and can be added to the campus’s property schedule. The second phase, for FY 16/17, involves designing a program that would include a basic business contents sublimit. This sublimit could be \$900,000 xs of \$100,000, so the program is completely self-insured or could include higher limits which would then be covered by excess insurance.

A motion was made to direct Staff to announce to the campuses that business contents coverage is available for FY 15/16 and to provide to the Executive Committee in September, 2015, with a suggested business contents program design for FY 16/17.

MOTION: Mike Thorpe
SECOND: Lori 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

D12. Delegation of Authority to Exercise Program Administration and Brokerage Services Agreement Option

George Ashkar explained that in 2013, CSURMA conducted an RFP process that resulted in the award of program administration and brokerage services agreements to Alliant Insurance Services. The RFP allowed for agreements extending up to 10 years, and CSURMA put in place an initial agreement for two years expiring December 31, 2015. The Treasurer has reviewed the performance evaluations and independent Operational Review report and recommends that CSURMA exercise four one-year renewal options of the current agreement for the period January 1, 2016 through December 31, 2019. The agreements will include the right for CSURMA to cancel the services without cause upon 90 days’ notice and will incorporate terms recommended in the recent Operational Review report.

A motion was made to delegate authority to the Treasurer and Secretary-Auditor to negotiate a four year option effective January 1, 2016, to be executed by the CSURMA Chair and Secretary-Auditor on behalf of CSURMA and to incorporate those changes recommended within the Operational Review.

MOTION: Mike Lee

SECOND: Mike Thorpe

| 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

E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

E1. AIME Programs Update

Mike Thorpe reported that the AIME Committee had not met since the last Executive Committee meeting. He did report that the RFP for claims administration was sent out and timely responses have been received. Oral interviews will be held within the month.

E2. AORMA Programs Update

Robert de Wit, the AORMA Committee Chair, reported on the activities of the AORMA Committee

F. CLOSED SESSION

A motion was made to enter closed session at 10:55 AM.

MOTION: Robert de Wit

SECOND: Mike Thorpe

| 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

The committee returned from Closed Session at 11:10 a.m.

The Chair reported that direction had been given during closed session.

G. INFORMATION ITEMS

G1. CSURMA Administrative Service Calendar

G2. 2015 CSURMA Meeting Calendar

G3. CSURMA Executive Committee & Staff Contact List

The Executive Committee reviewed the information items. Daniel Howell noted that WACABO will be meeting in San Francisco April 24 – 27, 2016. Howell suggested that the Committee meet on the afternoon of Wednesday, April 27th after the conference ends. Rob Leong noted that the Board Orientation meeting would be on May 14th.

Linda Hawk asked to the Committee to discuss the start time for the meeting in September, 2015. It was agreed the meeting would begin at 8:30 AM and continue until 12:00 Noon.

Linda Hawk thanked Mike Thorpe and Robert de Wit for their service on the Executive Committee.

H. ADJOURNMENT

A motion was made to adjourn the meeting at 11:17 AM.

MOTION: Mike Thorpe

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