



APPROVED

**MINUTES OF THE
CSURMA BOARD OF DIRECTORS MEETING**

November 2, 2016

**HOLIDAY INN CAPITOL PLAZA
300 J Street • Sacramento, CA**

4:00 PM

A. CALL TO ORDER

The meeting was called to order at 4:01 p.m. by the CSURMA Vice-Chair, Mike Lee.

A1. Approval of the Agenda

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

MOTION: Jody Van Leuven

SECOND: Lisa Chavez

MOTION CARRIED

B. PUBLIC COMMENTS

Daniel Howell introduced Amy Lightner a new employee of Alliant Insurance Services, Inc. who will be joining the CSURMA team. There were no other public comments.

C. CONSENT CALENDAR

C1. Approval of Minutes – May 6, 2016

C2. Treasurer's Report at June 30, 2016

C3. Adoption of Meeting Dates for Calendar Year 2017

A motion was made to approve or accept each action item on the Consent Calendar as presented.

MOTION: Kevin Saunders

SECOND: Guy Dalpe

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. Independent Auditor's Financial Audit Report as of June 30, 2016

Daniel Howell noted that KPMG completed the Independent's Auditors Financial Audit Report as of June 30, 2016 and indicates it includes an unqualified opinion on the financial statements as well as the supplementary information. The CSURMA net position has increased by 32% as compared to the previous year. This is primarily due to the Executive Committee's decision to purchase reinsurance for the Workers' Compensation Program, which reduces reserve requirements.

A motion was made to accept the audited financial report ending June 30, 2016 as presented.

MOTION: Guy Dalpe

SECOND: Frank Mumford

MOTION CARRIED

D2. FY 17/18 Pooled Program Funding Status

D2a. Campus Risk Pools - Actuarial Reports for Campus Liability, Campus Workers' Compensation and Athletic Injury Medical Expense (AIME) Programs

Rob Leong summarized the actuarial report which evaluates the liabilities of CSURMA's major self-insured risk pools. The information provided by the actuary is used to establish fiscal year-end financial reports, and serves as the starting point to develop rates and funding for FY 2017/18, as well as evaluating potential dividends or assessments.

Within the Campus Liability Program, the Projected Ultimate Limited Losses increased slightly by +0.14% for FY 17/18 and the Loss Funding at 70% actuarial confidence increased from \$14,045,000 (FY 16/17) to \$14,065,000 (FY 17/18). The number of liability claims is down.

Within the Campus Workers' Compensation Program, the Projected Ultimate Limited Losses decreased by 6% for FY 17/18 and the loss Funding at 70% actuarial confidence decreased from \$31,607,000 (FY 16/17) to \$29,691,000 (FY 17/18). The Board reviewed Graph I-1 which illustrates how the workers' compensation losses are trending up slightly. The current loss rate for FY 16/17 is \$.84. The Workers' Compensation Insurance Rating Bureau (WCIRB) which is a California objective provider of actuarially-based information and research, and advisory for pure premium rates. The WCIRB advisory rate for California public schools including colleges and universities is 1.74. This demonstrates how the CSU is performing better than statewide projections. The Campus Workers' Compensation Program has had fewer claims, compared to the prior year, however the total cost of each claim is rising.

Within the Athletic Injury Medical Expense Program, the Projected Ultimate Limited Losses increased by 7.0% for FY 17/18 and the Loss Funding at 70% actuarial confidence increased from \$3,529,000 (FY 16/17) to \$3,764,880 (FY 17/18). The number of claims has increased 3%.

D2b. Campus Risk Pools - Funding Status at June 30, 2016

The Board reviewed the funding status reports of CSURMA's major risk pool programs. Staff uses the most recent actuarial reports and financial statements prepared by the Accountant. Staff has completed its evaluation of the funding status for Campus Liability, Campus Workers' Compensation, Athletic Injury Medical Expense risk pools as well as the AORMA Workers' Compensation and Liability Programs for the fiscal year ending on June 30, 2016.

D2c. Campus Risk Pools – Dividends and Assessments

Rob Leong explained that at its meeting on September 23, 2016, the Executive Committee approved a total dividend distribution of \$13,688,395. Leong summarized the Target Surplus Funding Analysis Report. CSURMA adopted three ratios which are used as guidance to determine the maximum dividend available to be released. The Premium to Surplus ratio is a measure of how surplus is leveraged against possible pricing inaccuracies. The Surplus to Retention ratio is a measure of the maximum amount that surplus could decline due to a single loss. The Outstanding Reserves to Surplus ratio is a measure of how surplus is leveraged against possible reserve inaccuracies. Leong noted that historically the practice has been to declare a dividend of up to fifty percent (50%) of unencumbered program funds where available and an assessment to cover existing and anticipated funding shortfalls for funds that have a negative fund balance. Based on these ratios, the IDL/NDL/UI programs do not have enough surplus to recommend a dividend. Within the liability and workers' compensation program, there is an opportunity to release a dividend of \$5,576,910 from the liability program and \$8,111,485 from the workers' compensation program. The dividend will be paid to the campuses by the end of November via a cash posting order.

D3. Campus Risk Pools Rating Plans Task Group Report

Rob Leong summarized the review process and recommendation being made by the Rating Plans Task Groups (RPTG). The Executive Committee established the RPTG to review and recommend modifications to the cost allocation formulae for the Campus Risk Pools. The RPTG met on July 14, 2016 and August 9, 2016.

The members of the rating plans task groups are:

1. Kevin Saunders, CSU Monterey Bay (*RPTG Chair*)
2. Lisa Chavez, CSU Los Angeles
3. Robert Eaton, CSU Chancellor's Office
4. Mike Lee, CSU Sacramento
5. Zachary Gifford, CSU Chancellor's Office

The Board received the Campus Program Rating Plans Task Group Report dated September 23, 2016. Rob Leong summarized the recommendations for change from the RPTG.

(1) The RPTG recommended a few clean up items on the workers' compensation rating worksheet but no changes to the cost allocation formula.

(2) The RPTG recommended adjusting the Liability Deductible Credit Factors per the actuary's recommendation dated August 25, 2016. The RPTG reaffirms self-supporting funds continue to have a \$35,000 deductible regardless of the deductible selected by the campuses. The effect of the new deductible credit factors would increase FY 2017/18 Liability program funding by \$1,122,013 (+7.75%) at present campus deductible selections.

(3) The RPTG recommends adjusting the Liability Experience Modification Creditability Factors per the actuary's recommendation dated September 6, 2016. The recommendation replaces the Credibility Factors Table with an algorithm that assigns 90% credibility to the largest campus (defined by total annual payroll), then scaling all other campuses down relative to this maximum. The effect of the credibility algorithm reduces loss funding by \$30,390 (-0.21%). The creditability factors serve to adjust for statistical deviations resulting from variations in campus size, which is defined by total campus payroll for rating purposes.

(4) The central fund used by the Chancellor's Office to pay SPWB-funded facility expenses has been dissolved. Thus, premium deposits for bond-funded facilities are no longer payable by the central fund, but are chargeable to the respective campuses. Staff was instructed to eliminate "Systemwide" from the calculations, thereby reallocating premium deposits to the campuses beginning with FY 2017/18. A memo from the EVC/CFO, Steve Relyea, announcing the change and the need for campuses to plan accordingly was issued for the Chief Administrators and Business Officers (CABO).

A motion was made to approve the Rating Plans Task Group's recommended changes to the cost allocation formulae for the Campus Risk Pools.

MOTION: Guy Dalpe

SECOND: Kevin Saunders

MOTION CARRIED

D4. FY 2017/2018 Rates and Gross Funding Campus Coverage Programs

Robert Leong explained that the Executive Committee is recommending adoption of the rates and funding for the upcoming fiscal year. Staff prepared FY 2017/18 funding recommendations for the Campus Coverage Programs using the actuarial reports valued at fiscal year end June 30, 2016.

	FY 2016/17	FY 2017/18	
	<i>Actual</i>	<i>Recommended</i>	<i>% Chg</i>
Liability	\$ 14,240,860	\$ 15,561,071	9.3%
Workers' Compensation	37,823,215	36,337,621	-3.9%
IDL/NDI/UI	13,500,000	15,000,000	11.1%
Property	8,250,000	8,250,000	0.0%
Auto Liability	845,823	829,510	-1.9%
AIME	4,158,323	4,500,896	8.2%
Total	\$ 78,818,221	\$ 80,479,098	2.1%

The Campus Liability Program costs include premium deposits for the Student Professional Liability Insurance Program (SPLIP) and the Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP). Campus Property Program costs include Blanket Employee Fidelity coverage, Cyber Risk insurance and Fine Arts Artifacts & Archives insurance (FAAAP). Auto Liability is covered by the State Vehicle Liability Self-Insurance Program (VELSIP), whose cost is determined by the Office of Risk and Insurance Management (ORIM). The costs for the purchased insurance programs (SPLIP, SAFECLIP, Property, Fidelity, and Cyber) are estimates at this time since actual rates will not be known until negotiations are finalized in June 2017.

Campuses will have the opportunity to select a new Liability deductible for the next three coverage periods beginning FY 2017/18. The proposed Liability costs have been calculated at present campus deductibles. Campus Property costs have been adjusted for the elimination of the systemwide central fund that previously paid for SPWB funded facilities. As such, in accordance with the instructions from the Office of the Chancellor, all bond-funded facilities are chargeable to the respective campuses beginning with FY 2017/18.

1. Liability is funded on an undiscounted basis.
2. Workers' Compensation is funded on a discounted basis.
3. AIME Committee to recommend final funding for 2017/18.

A motion was made to adopt the Campus Coverage programs funding for FY 2017/18 as recommended by the Executive Committee and presented in the table above and to authorize the Executive Committee to determine final funding for Liability on either an undiscounted or discounted basis when it meets in March 2017.

MOTION: Mike Beatty

SECOND: Jody Van Leuven

MOTION CARRIED

D5. Review of FY 2016/2017 Long Range Planning Goals

Daniel Howell updated the Board on the long range planning goals adopted by the Executive Committee.

- LRP-1 – On-Line Education Multi-State Surety Initiative.
- LRP-2 – Special Events Resource Guide
- LRP-3 – Benchmarking and Trend Analysis
- LRP-4 – Insurance Policy Database
- LRP-5 – Captive Insurer
- LRP-6 – Loan Policy and Investment Options
- LRP-7 – On-Campus Visits with Vice Presidents
- LRP-8 – CSURMA Communications and Outreach Plan
- LRP-9 – Master Enabling Agreement for Transportation

D6. Resolution Recognizing the Contributions

A motion was made to adopt the Resolutions recognizing the contributions of Dwayne Brummett and Keith Kompsi.

- Dwayne Brummett – Resolution No. 02-16
- Keith Kompsi – Resolution No. 03-16

MOTION: Guy Dalpe

SECOND: Mike Thorpe

MOTION CARRIED

E. OTHER INSURANCE PROGRAMS

E1. AIME Program Update

Jody Van Leuven, the AIME Liaison, updated the Board on the recent activities of the AIME Committee.

E1. AORMA Programs Status Report

Frank Mumford, the AORMA Chair, updated the Board on the recent activities of the AORMA Committee.

F. CLOSED SESSION

There were no items scheduled for closed session.

G. INFORMATION ITEMS



APPROVED

G1. Program Administrator's Stewardship Report

Daniel Howell let the Board know that each year the Program Administrators prepare a Stewardship Report for the Board. The Stewardship Report describes the activities and accomplishments of CSURMA and its Program Administrators.

G2. CSURMA Administrative Service Calendar

Daniel Howell directed the Board's attention to the CSURMA Administrative Services Calendar contained in the agenda packet and encouraged everyone to review the Administrative Services Calendar.

G3. CSURMA Board of Directors and Staff Contact List

The Board was asked to review the attached Board of Directors contact information and provide Staff with revisions.

H. ADJOURNMENT

The meeting was adjourned at 4:56 P.M.



**CSURMA BOARD OF DIRECTORS MEETING
ATTENDANCE**

November 2, 2016

**HOLIDAY INN CAPITOL PLAZA
300 J Street • Sacramento, CA**

4:00 PM

Board of Directors - Campus Representatives

Campus	Primary	Present	Alternate	Present
Chancellor's Office	Robert Eaton	Teleconference	None	
Bakersfield	Thom Davis	In Person	Tim Ridley	In Person
Channel Islands	Katharine Hullinger	In Person	Caroline Doll	In Person
Chico	Michael Thorpe	In Person	James Hyatt	
Dominguez Hills	Stephen J. Mastro	Teleconference	Jeff Wood	Teleconference
East Bay	Nyassa Love Johnson	In Person	Debbie Chaw	
Fresno	Debbie Adishian-Astone		Lisa Kao	In Person
Fullerton	Michael Coughlin		John Beisner	
Humboldt	Kimberly Comet	In Person	Joyce Lopes	
Long Beach	Scott Apel	In Person	Felissa Waynick	Teleconference
Los Angeles	Lisa Chavez	In Person	Kevin Brady	In Person
Maritime	Marianne Spotorno	In Person	Franz Lozano	In Person
Monterey Bay	Kevin Saunders	In Person	Lenore Reed	In Person
Northridge	Edith Winterhalter		Lisa Telles	In Person
Pomona	Rufus Grant		Valerie Eberle	
Sacramento	Ming-Tung (Mike) Lee	In Person	Kirtland Stout	In Person
San Bernardino	Jody VanLeuven	In Person	Douglas Freer	
San Diego	Tom McCarron		Jessica Rentto	Teleconference
San Francisco	Ron Cortez		Michael Beatty	In Person
San Jose	Marla Perez-Guerra	In Person	Josee Larochelle	Teleconference
San Luis Obispo	Dru Zachmeyer	Teleconference	Cindy Vizcaino Villa	
San Marcos	Linda Hawk		Erin Fullerton	In Person
Somona	Tyson Hill		Stan Nosek	
Stanislaus	Amy Thomas	In Person	Douglas Dawes	

Board of Directors - AORMA Representatives



APPROVED

AORMA Committee	Members	Present
Fullerton	Frank Mumford	In Person
Channel Islands	Dave Nirenberg	In Person
Humboldt	Dave Nakamura	Teleconference
Long Beach	Robert de Wit	In Person
Long Beach	Brian Nowlin	
Monterey Bay	Gigi Kiama	In Person
Sacramento	Jim Reinhart	
Sacramento	Leslie Davis	
San Francisco	Guy Dalpe	In Person

Staff, Guests and/or Consultants Present:

Name	Company
Amy Lightner	Alliant
Brendan Falvey	Markel
Brian Frost	AmWins
Daniel Howell	Alliant
David Morthead	Arch Ins Group
Franz Mautene	
Gena Lopez	Cal State LA
Intef Wesel	Cal State LA
Jacki Graf	Alliant
Joe Risser	Risk Management Design
Joseph Shepler	CO
Marv Rubin	Great American
Merle Shapiro	Ironshore
Mimi Long	Alliant
Pamela Asbury	Berkley Custom
Rebecca Skidmore	CO
Robert Leong	Alliant
Stacey Weeks	Alliant
Tevea Him	Alliant
Tina Kotin-Savitch	CSU CI
William Hsu	CO
Zachary Gifford	CO