

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING**

JANUARY 10, 2016

**HYATT REGENCY SACRAMENTO
1209 L Street, Sacramento, CA**

3:30 PM

MEMBERS PRESENT

Lisa Chavez, California State University Los Angeles
 Guy Dalpe (AORMA Vice-Chair), Associated Students, Inc., San Francisco State University
 Robert Eaton (Treasurer), California State University, Office of the Chancellor
 Linda Hawk (Chair), California State University, San Marcos
 Ming Tung (Mike) Lee, California State University, Sacramento
 Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation
 Kevin Saunders, California State University, Monterey Bay
 Jody Van Leuven, California State University, San Bernardino

MEMBERS ABSENT

Scott Apel, California State University Long Beach

STAFF, GUESTS & CONSULTANTS

Michael Giambra, Chubb Insurance Companies
 Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor
 Daniel Howell, Alliant Insurance Services, Inc.
 William Hsu, CSU Office of General Counsel (*via Teleconference*)
 Mimi Long, Alliant Insurance Services, Inc.

A. CALL TO ORDER

The meeting was called to order by the Chair, Linda Hawk at 3:35 AM.

A1. Approval of the Agenda

A motion was made to approve the agenda as presented.

MOTION: Frank Mumford

SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			

Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from the public.

C. CONSENT CALENDAR

C1. Approval of Minutes – October 23, 2015

A motion was made to approve the October 23, 2015 meeting minutes.

MOTION: Guy Dalpe

SECOND: Lisa Chavez

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. CSURMA Treasurer’s Financial Report

Robert Eaton summarized the CSURMA Quarterly Investment Report.

A motion was made to approve the CSURMA Treasurer’s Financial Report.

MOTION: Kevin Saunders

SECOND: Jody Van Leuven

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D2. Executive Committee Appointments / Nominations

Linda Hawk noted that she appointed Scott Apel as the interim Executive Committee member to fill the vacancy due to the departure of Lori Gentles. Apel is the Associate Vice President of Human Resources Management at California State University Long Beach.

Hawk appointed Lisa Chavez, Robert Eaton and Jody Van Leuven to the Nominating Committee to seek nominations for the “even year” seats on the Executive Committee. The election will be held at the May 6, 2016 Board meeting. The following seats are up for election:

- Chair – Linda Hawk
- Vice-Chair – Mike Lee
- Seat #3 – Scott Apel
- Seat #4 – Kevin Saunders

D3. 2016 Long Range Planning Meeting Date, Location, and Agenda

The Committee reviewed the draft March 11, 2016 Executive Committee LRP meeting agenda and the members confirmed their attendance.

A motion was made to accept the draft agenda and location of the meeting.

MOTION: Guy Dalpe
SECOND: Frank Mumford

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Linda Hawk	X			

Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D4. Underwriter Meetings Report

Zachary Gifford and Daniel Howell updated the Committee on the meetings with CSURMA’s program underwriters in New York and Bermuda on November 30 through December 4, 2015. CSURMA was represented by Steve Relyea, Robert Eaton, Zachary Gifford and Daniel Howell. Meetings with underwriters directly allows CSU leadership’s to demonstrate its commitment to risk management as well as to update underwriters on CSU’s financial and operational outlook. The meetings were primarily focused on CSURMA’s Liability Insurance Programs.

The AORMA program faces challenges due to recent loss experience. Meetings with Genesis were held to discuss the renewal of the reinsurance contract of \$4,650,000 xs of \$350,000. The AORMA placement is challenging. The lines between campus and auxiliary can be fuzzy and this proves to be a challenge for underwriters. This program will be marketed. Above the AORMA reinsurance layer, the market appears stable; however, there have been leadership changes at the lead excess market, Ironshore. Ironshore has expressed concern with public entity business in California.

D5. Evaluation of Captive Insurance Vehicle

As explained by Daniel Howell, CSU executive management is interested in evaluating whether CSU can benefit from forming a captive insurance company. In 2012, the University of California formed Fiat Lux as a captive insurer. JPA’s and captives share many similarities; however, two key benefits of captives are the ability to invest in a broader array of instruments including equity positions with the goal of earning a higher return than is earned on investments allowed for public agencies; and, the ability to offer insurance products to third parties such as CSU employees and alumnae therefore, retaining the profits otherwise earned by commercial insurers.

An effective option may be to utilize the multi-cell captive that UC is establishing in which CSU or CSURMA could have a segregated cell. CSURMA could start by putting just a few programs into the captive.

The Committee reviewed the Proposal for Actuarial and Captive Consulting Services from Pinnacle Actuarial Resources, Inc.

A motion was made to delegate authority to the CSURMA Secretary-Auditory to engage independent consultant(s) as necessary to perform an evaluation of captive insurance alternatives and development of a captive insurance program.

MOTION: Frank Mumford
SECOND: Mike Lee

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D6. Risk Management Innovation Grant Program

The Committee reviewed the five different grant proposals. The grant proposal from CSU Dominguez Hills for AED implementation and the proposal by SFSU for Shoes for Crews were not approved as the Committee felt the safety equipment noted in the proposal should be considered a part of a campus’ normal operating budget. The Committee felt that the projects proposed by CSU LA appeared to be a new approach to risk mitigation. Zachary Gifford noted that he would reach out to all of the grant recipients for feedback in order to present the results at the Fitting the Pieces Together Conference.

A motion was made to approve the three grant applications received from CSU LA.

MOTION: Frank Mumford
SECOND: Guy Dalpe

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez		X		
Guy Dalpe	X			
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D7. CSU International Programs Funding

Daniel Howell explained that the CSU Office of International Programs at the Chancellor’s Office (CSU IP) joined the CSURMA FTIP program in 2012 to obtain broader coverage for the students and facilitate the IP services. In addition, the new program included liability protection for the University. At the time, coverage was more expensive than the expiring offering and the CSURMA Executive Committee adopted a plan to have the rate charged students increased over time to meet the premium requirements. However, largely due to unexpected claims increases, premium costs escalated faster than the rate increase could catch up. As a result, the rate charged participants has not kept up to the actual cost. The table below summarizes the financial status.

**CSU INTERNATIONAL PROGRAMS
CSURMA Foreign Travel Insurance Program (FTIP)**

Coverage Period	Premium Expense	IP Contribution	Deficit	# Ptcpt	IP Paid per Ptcp	Actual Cost per Ptcp
1/15/12 - 06/30/13	\$132,400	\$95,710	(\$36,690)	563	\$170	\$235
07/01/13 - 06/30/14	\$125,000	\$89,250	(\$35,750)	525	\$170	\$238
07/01/14 - 06/30/15	\$209,250	\$119,050	(\$90,200)	530	\$225	\$395
07/01/15 - 06/30/16	\$277,983	\$137,225	(\$140,758)	500	\$275	\$524
TOTAL	\$744,633	\$441,235	(\$303,398)	2,118		
		Less prior Deficit Absorbed:	\$154,690			
		Net Current Deficit:	(\$148,708)			

FY 16/17 Renewal Premium

07/01/16 - 06/30/17	\$289,135	TBD	TBD	500	TBD	\$578
07/01/16 - 06/30/17 *	\$276,980	TBD	TBD	500	TBD	\$554

*Premium with a \$100 deductible

Ptcp: Total Number of Participants including Staff (Resident Directors) and Students

Approximately 20 CSU IP students are leaving in January 2016 and approximately 500 in July. The insurer is quoting the July renewal now so that the cost can be known. IP asked for an alternative quote that includes a \$100 per accident/sickness deductible, which may reduce the cost. Adding a \$100 deductible offers savings of \$12,155. Staff does not feel the savings warrant taking the deductible option.

A motion was made to (1) allow the existing deficit of \$148,708 to be absorbed by the FTIP program fund reserve in the Liability Program Fund, (2) delegate authority to the CSURMA Secretary-Auditor to bind the renewal program selected by the Director of CSU IP, (3) allow the

projected deficit for the FY 16/17 policy year of approximately \$102,000 to be absorbed by the FTIP program fund reserve in the Liability Program Fund; and, (4) direct the Secretary-Auditor to prepare with the Director of CSU IP a new financial plan for FY 17/18 and beyond that will address the funding differential.

MOTION: Frank Mumford

SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D8. Insurance Policy Database

Daniel Howell stated that at the March 2015 long range planning meeting, the CSURMA Executive Committee determined that CSURMA should establish a database of insurance policy records for the California State University and participating auxiliary organizations. Staff has been investigating products specifically designed for insurance policy management as well as the CSU Chancellor’s Office software, Laserfiche.

Chancellor’s Office and Program Administrator Staff have been reviewing the products available and have attended vendor capability presentations. It now appears that the vendor of CSURMA’s liability claims management system may offer the best solution. A capabilities and needs discussion was conducted on December 17, 2015, and a proposal to expand the current software services agreement is expected by the end of January 2016. It is expected that a recommendation will be presented to the CSURMA Executive Committee at their March 10-11, 2016 meeting.

D9. CSURMA Website Upgrades / Smart Phone Application for CSURMA Contacts

Mimi Long noted that the AORMA Committee added to their Long Range Action Plan for FY 15/16 the creation of a smart phone application to house all of the CSURMA contact information so that members can easily contact the program administrators, a representative to report a claim or request services from a service provider. Alliant’s IT staff can upgrade to the existing website to allow access from a smart phone.

A motion was made to approve the proposed budget of not to exceed \$10,000 to upgrade the existing CSURMA website.

MOTION: Frank Mumford

SECOND: Robert Eaton

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D10. Fine Arts, Archives and Artifacts Program Launch

At the September 11, 2015 meeting, the CSURMA Executive Committee approved the addition of the Fine Arts, Archives and Artifacts Program (FAAAP) as a sub-program to the Property Program, delegating authority to the Treasurer and Secretary-Auditor to implement the program. Following meetings with underwriters and subsequent negotiations, the FAAAP has been established with the following key terms:

Coverage January 1, 2016 to June 30, 2016 - for the SFSU FAAA collection with limits of \$10 million;

- ✓ sublimit of \$2.5 million for items in transit
- ✓ sublimit of \$100,000 per item unless reported scheduled for higher
- ✓ No deductible except 10% for loss caused by earthquake

Coverage July 1, 2016 to June 30, 2017 for Systemwide FAAA collections with limits of \$25 million;

- ✓ sublimit of \$5 million for items in transit
- ✓ sublimit of \$100,000 per item unless reported scheduled for higher
- ✓ No deductible except 10% for loss caused by earthquake

Coverage territory is worldwide and the insurer is Lloyds of London. Staff is working with underwriters to remove the scheduling requirement for items valued in excess of \$100,000.

D11. Review of Policies and Procedures (Even Numbered)

As explained by Daniel Howell, the Executive Committee adopted Resolution No. 04-13 (EC) directing review of the CSURMA’s policies and procedures on a regular basis to ensure administrative processes of the CSURMA and their documentation remain relevant and effective. The resolution defines the process for the Executive Committee to review even-numbered policies and procedures in even-numbered calendar years, and odd-numbered policies and procedures in odd-numbered calendar years.

Howell summarized the recommended revisions to the even numbered Policies and Procedures.

A motion was made to approve the recommended revisions to Policy and Procedure Nos. 2, 4, 6, 8, 10, 14, 16, 18 and 22 and to recommend to the Board of Directors approval of the revisions to Policy and Procedure Nos. 12, 20 and 24

MOTION: Frank Mumford

SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D12. Workers’ Compensation Claims Administration Services Performance Audit Presentation

The Committee reviewed the Workers’ Compensation Claims Administration Services Performance Audit which was completed by Jacki Graf, CSURMA’s Senior Workers’ Compensation Claims Consultant.

E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

E1. AIME Programs Update

Jody Van Leuven reported that the AIME Committee had not met since the last report given to the Executive Committee on October 23, 2015.

E2. AORMA Programs Update

Frank Mumford reported on the activities of the AORMA Committee. He noted that the terms of office for the AORMA Committee officers had changed and are now similar to the terms of office for the Executive Committee members.

F. CLOSED SESSION

There were no claims discussed in closed session.

G. INFORMATION ITEMS

The Committee reviewed the information items.

G1. Crisis 360 Informational Bulletin

The Committee reviewed the Crisis 360 Informational Bulletin. Zachary Gifford noted that these services were recently used in response to the Paris bombing.

The remaining informational items were reviewed by the Committee members, but there was no discussion.

- G2. Review of FY 2015/2016 Long Range Planning Goals**
- G3. 2016 CSURMA Meeting Calendar**
- G4. CSURMA Administrative Service Calendar**
- G5. CSURMA Executive Committee & Staff Contact List**

H. ADJOURNMENT

The meeting was adjourned at 5:17 PM.