

**MINUTES OF THE  
CSURMA EXECUTIVE COMMITTEE MEETING**

**MARCH 19, 2015**

**ALLIANT INSURANCE SERVICES  
1301 Dove Street, 2<sup>nd</sup> Floor • Newport Beach, CA**

**2:30 PM**

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**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  
Robert Eaton (Secretary/Auditor) – CSU, Office of the Chancellor  
Lori Gentles – CSU, Fullerton  
Linda Hawk (Acting Chair) – CSU, San Marcos  
Mike Lee – CSU, Sacramento (*via Teleconference*)  
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  
Robin Johnson – Law Offices of Robin Johnson  
Rob Leong - Alliant Insurance Services, Inc.  
Mimi Long - Alliant Insurance Services, Inc.  
Rebecca Skidmore – CSU, Office of the Chancellor

**A. CALL TO ORDER**

The meeting was called to order by the Acting Chair, Linda Hawk at 2:30 PM.

**A1. Approval of the Agenda**

Linda Hawk noted that Item D6 would be moved to the first discussion item after the consent calendar items.

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



California State University Risk Management Authority

**APPROVED**

**MOTION:** George Ashkar  
**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**

**B. PUBLIC COMMENTS**

There were no comments from the public.

**C. CONSENT CALENDAR**

- C1. Approval of Minutes – February 8, 2015**
- C2a. Financial Information - Treasurer’s Report**
- C3. CSURMA Master Investment Policy and Related Investment Policies and Adoption of Resolution No. 03-15 (EC)**
- C4. FY 2014/2015 Midterm Budget Amendments and Adoption of Resolution No. 02-15 (EC)**

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

**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**

## **D. GENERAL ADMINISTRATION**

### **D6. Presentation of CSURMA Operational Review Report**

Daniel Howell noted that at the September 2014 meeting the CSURMA Executive Committee determined that it would have a consultant perform an operational review along the lines of a California Association of Joint Powers Authorities (CAJPA) accreditation review. It has been three years since the last review and the Executive Committee's practice has been to perform the review every three years, as if CSURMA were seeking CAJPA accreditation. The Executive Committee determined that the scope of this year's review would be limited to an operational review of the Program Administration and would not include CSURMA accounting services since those services are already audited on an annual basis.

Robin Johnson was introduced to the Executive Committee member. Johnson noted that his best practices experience for JPA's comes from his 30 years of experience working with JPA's as well as his services as a consultant for CAJPA. CAJPA has created a standard of performance for JPA's which has been adopted as the industry standard for performance. Johnson performs four to seven CAJPA audits annually.

Johnson stated that his audit review is broken down into five categories – Governing Documents, Contractual Agreement, General Operations, Programs, and Finance and Accounting. He discussed his major findings.

Governing Documents – The JPA Agreement did not include a provision for withdrawal of the CSU from CSURMA, or how assessments are allocated and levied.

Contractual Agreements – Johnson suggested amendments to a few of the vendor contracts. He also noted that certificates of insurance were not available for all contractors.

General Operations – The Conflict of Interest Code was adopted by the CSURMA Board of Directors but was not filed with the FPPC.

Finance and Accounting – Because CSU Accounting already goes through several audits, Johnson's scope of work for this audit did not include a separate comprehensive audit of the accounting function.

Programs – Johnson finds that the CSURMA and AORMA programs are well documented and administered with proficiency.

Johnson summarized his operational review by stating that CSURMA rates very well and CSURMA can be very proud of its achievements.

The Executive Committee thanked Johnson for his report. Staff was directed to place repeat of this review on the annual service calendar.

A motion was made to accept the report and direction was given to staff to follow-up on the audit recommendations and to report back to the Executive Committee at its next meeting.

**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**

**D1. Chancellor’s Office Services Budget Proposal for FY 15/16**

CSURMA obtains services from the Chancellor’s Office under three memoranda of understanding. Each year, the CSURMA Executive Committee considers the services and budget proposal as a part of the budget adoption process. Linda Hawk asked each Chancellor’s Office member present to update the committee on its service proposal for FY 15/16.

Systemwide Risk Management – Robert Eaton stated that Systemwide Risk Management is proposing a total annual fee of \$1,004,914. \$100,000 has been earmarked for special training and projects. Also Systemwide Risk Management is starting the process of hiring a new EH&S staff member. The goal is to hire a person that has both EH&S and Risk Management experience. The committee wondered if \$100,000 was sufficient for this hire. Eaton noted that the amount budgeted for this position was higher with a base salary of up to \$120,000 and \$54,000 for benefits equaling \$174,000 to come out of the Systemwide Risk Management budget. Zachary Gifford notes that last year Systemwide Office of Risk Management was down one FTE due to a retirement, which amounted to one-third of the staff.

Accounting Services – Kelly Cox notes that CSU Accounting’s fee has remained unchanged at \$325,000 for many years, and is, this year, proposing an increase of \$20,000 to catch up with the CSU general salary increases.

Office of General Counsel – William Hsu stated that CSURMA supports two litigators who serve on litigation of matters covered under the Campus Risk Pool Liability Program. CSURMA would otherwise have to engage outside counsel for these matters handled in house. OGC has proposed a budget of \$438,043. \$338,043 is allocated to the Campus Risk Pool Liability Program and \$100,000 is allocated across all funds within the budget.

A motion was made to accept the Chancellor’s Office Services budget proposals as presented with one amendment for Systemwide Risk Management to include total service costs of \$1,004,914.

**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**

**D2. Delegation of Authority to Renew Insurance Programs**

Daniel Howell mentioned that he was directed by the AORMA Committee to develop a Policy and Procedure that gave ongoing authority to the CSURMA Secretary-Auditor to negotiate and bind insurance renewals within the program’s budgeted amount.

Howell summarized the program renewals.

Liability – Underwriting meetings were held in New York on January 21 – 23 and focused primarily on CSURMA’s Excess Liability Insurance Program. CV Starr, who currently writes the \$10MM xs \$35MM layer and the \$10MM xs \$75MM layer, non-renewed all California public entity liability business. These layers will need to be replaced. Howell anticipates a 2% rate increase, which will result in a 5% cost increase due to FTE growth. Ironshore has confirmed its intent to offer terms on CSURMA.

Property – The property market remains relatively soft. Howell expects the property renewal pricing to be flat or decrease a maximum of 5%.

Workers’ Compensation – the California Workers’ Compensation Insurance market is hardening. The Executive Committee took action in December to bind an 18 month reinsurance program via the CSAC Excess Insurance Authority that will guarantee most of the program costs at the July 1 renewal. CSAC EIA is marketing the excess workers’ compensation and will report on those efforts to the Director of Systemwide Risk Management.

SPLIP & SAFECLIP – These programs continue to have excellent results and no rate increase is expected.

Fidelity – An auxiliary organization loss was just reported – misuse of funds. Because of this, Howell, anticipates no decrease in premium and possibly an increase.

Foreign Travel – The systemwide FTIP policy had a significant loss during FY 13/14 and a large rate increase last year. The CSU International Programs also had increased loss activity. Howell expects renewal cost to be near the expiring cost. Due to quality of coverage and services, loss experience and change logistics, Staff does not recommend marketing this program this year.

Athletic Injury Medical Expense – AIME is fully self-insured up to the NCAA attachment. NCAA has projected increasing their excess attachment point to \$100,000 up from the current \$90,000, but allowed CSU campuses to stay at \$90,000. The AIME Committee is conducting an RFP for its claims administration.

A motion was made to delegate authority to the CSURMA Secretary-Auditor to bind the insurance renewals as appropriate within the budgeted amounts for FY 15/16.

**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**

**D3. FY 2015/2016 Operating Budget**

Rob Leong summarized the changes to the FY 15/16 CSURMA budget and noted that the Chancellor’s Office Enterprise Accounting Services and the Program Administrators worked together to this draft FY 2015/16 budget.

The Total Contributions increased from \$72,397,277 to \$77,026,163. The projected increase in liability and workers’ compensation contributions are due to the actuarial projected claim trend. The projected increase in IDL/NDL/UI contributions is also due to claims trend. The projected decrease in property contributions is due to the change in property rates. No change in AIME contributions (pending recommendation of the AIME Committee) and no change in Auto

Liability contributions of \$648,727 (pending memo from DGS advising 2015/16 Motor Vehicle Self-Insurance Account allocation.)

Insurance premiums increase significantly due to the new reinsurance agreement with CSAC EIA. \$150,000 was added to the Miscellaneous Program Services to be used to purchase or develop a insurance policy management and tracking system. The initial set-up is \$100,000 and will include a data base of historical policy information. The Workshop/Training Expenses has been increased by \$37,745 for additional services by SkillSoft / LawRoom. The Dividend Distribution will be updated based on the decisions at tomorrow’s meeting. Loss Control Expenses have increased by \$133,101, part of which will be used for the special events manual to be developed by Joe Reiser.

A motion was made to recommend approval of the FY 15/16 CSURMA Budget to the Board of Directors including the amendment of the Chancellor’s Office Risk Management Services expense to \$1,004,914.

**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**

**D4. Campus Coverage Programs FY 2015/2016 Rates and Gross Funding**

The committee reviewed the total programs costs at discounted and undiscounted amounts. Daniel Howell noted that the liability program is healthy, but noted that the workers’ compensation program is now funded just at the 70% confidence level with no additional funds above the 70% the confidence level. Due to the contract with CSAC EIA outstanding liabilities are locked in for half of FY 14/15 and the entire FY 15/16. However, as older years develop, Howell suspects that reserves within the workers’ compensation program may decrease to under a 70% confidence level. Because of this Howell, recommends that the committee maintain the undiscounted pricing for FY 15/16.

The auto liability (VELSIP) program did receive its first increase, to \$845,823, in years. The annual cost went from \$688,468 to \$845,823. Howell recommends funding this program at the

FY 14/15 cost of \$688,468 if the committee funds the remaining programs at undiscounted and then billing the increase pricing for next year’s renewal.

A motion was made to maintain the same undiscounted rates as previously approved by the Board of Directors at their October 24, 2014 meeting.

**MOTION:** George Ashkar

**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. Report of Nominating Committee on Executive Committee Elections**

The Nominating Committee will make a final report at the April 27, 2015 Board of Directors meeting.

**D7. Review of Policies and Procedures (Odd Numbered)**

The Executive Committee adopted Resolution No. 04-13 (EC) to review CSURMA’s policies and procedures on a regular basis to ensure administrative tasks remain relevant and effective for its operations. 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. Daniel Howell reviewed the odd-numbered policies and procedures with the committee.

Policy and Procedure No. 1 – Staff is recommending no changes. Policy and Procedure No. 3 – Staff is recommending no changes.

Policy and Procedure No. 5 – Staff recommends adding wording which allows the Executive Committee to adjust the audit schedule based business needs such as an RFP or the need to monitor a vendor’s performance.

Policy and Procedure No. 7 – The section stating that the program is transitioning from a cash funding basis to an accrual funding basis has been removed as this has been achieved.

Policy and Procedure No. 13 – Howell recommends changing the workers’ compensation reserve to retention ration from 1 to 1 to 2 to 1. It would be desirable for the pool to retain at least two times the workers’ compensation retention in reserves.

The committee recommended tabling the review of Policy and Procedure No. 15 – Responsibilities of the Treasurer and the Secretary Auditor - to the next meeting in May, 2015, so that staff can review the Policy and Procedure a recommend wording to delegate ongoing authority to the Secretary-Auditor to negotiate and bind the insurance renewals.

A motion was made to accept the changes to #5, #7 and #13 and to table the review of #15 until the next Executive Meeting in May, 2015.

**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**

**E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS**

**E1. AIME Programs Update**

Rob Leong reported on the activities of the AIME Committee. An RFP was sent out for the AIME claims administration. The AIME Committee has appointed a rating plan task force to review the AIME rating plan. Due to Mike Thorpe’s terming out, the Executive Committee will need to appoint a new AIME Committee liaison.

**E2. AORMA Programs Update**

Robert de Wit, the AORMA Committee Chair, noted that the AORMA Committee met in the morning. The AORMA Committee will have three open seats effective July 1, 2015. The AORMA Committee directed Staff to develop and Policy and Procedure to grant permanent authority to the CSURMA Secretary-Auditor to negotiate and bind the insurance renewals. The AORMA Committee decided to extend physical damage coverage to rented vehicles used on non-paved roads. A \$5,000 deductible applies to this extension. The AORMA Committee also reviewed several Policies and Procedures.

**F. CLOSED SESSION Pursuant to Cal. Gov. Code Sec. 11126(e)(1) & 11126(f)(1)**

There were no claims on the agenda for closed session.

**G. INFORMATION ITEMS**

- G1. Fitting the Pieces Together Conference – 2015**
- G2. Review of FY 2014/2015 Long Range Planning Goals**
- G3. 2015 CSURMA Meeting Calendar**
- G4. CSURMA Administrative Service Calendar**
- G5. CSURMA Executive Committee & Staff Contact List**

The Executive Committee reviewed the information items.

**H. ADJOURNMENT**

A motion was made to adjourn the meeting at 4:22 PM.

**MOTION:** Frank Mumford

**SECOND:** George Ashkar

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

**MOTION CARRIED**