



**APPROVED**

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

**October 23, 2015**

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

**10:30 AM**

---

**A. CALL TO ORDER**

The meeting was called to order at 10:30 a.m. by Linda Hawk

All Board of Directors and guests introduced themselves.

**A1. Approval of the Agenda**

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

**MOTION:** Jeff Wood

**SECOND:** Lisa Chavez

**MOTION CARRIED**

**B. PUBLIC COMMENTS**

There were no public comments.

**C. CONSENT CALENDAR**

**C1. Approval of Minutes – April 27, 2015**

**C2. Treasurer's Report at June 30, 2015**

**C3. Adoption of Meeting Dates for Calendar Year 2016**

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

**MOTION:** Guy Dalpe

**SECOND:** Kevin Saunders

**MOTION CARRIED**

**D. GENERAL ADMINISTRATION**

## **D1. Independent Auditor's Financial Audit Report as of June 30, 2015**

Kelly Cox noted that KPMG completed the Independent's Auditors Report and indicates it includes an unmodified opinion on the financial statements as well as the supplementary information. Cox states that there are no items of significance to report.

A motion was made to approve the audited financial report ending June 30, 2015 as presented.

**MOTION:** Jody Van Leuven

**SECOND:** Guy Dalpe

### **MOTION CARRIED**

## **D2. FY 16/17 Pooled Program Funding Status**

### **D2a. Campus Risk Pool Funding Status at June 30, 2015**

The Board reviewed the funding status reports of CSURMA's major risk pool programs. Leong reports that Staff used the most recent actuarial reports and June 30 financial statements to prepare these reports. He also notes that Staff finds that the Campus Liability and Campus Workers' Compensation programs are financially strong. The Athletic Injury Medical Expense and AORMA reports are in good health but are not being reviewed today, as they are reviewed separately by the AIME Committee and the AORMA Committee.

### **D2b. Evaluation of Potential Campus Risk Pool Dividends and Assessments**

Rob Leong explained that 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. Based on these ratios, 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.

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.

Leong states that the Executive Committee is recommending that the Board approve a dividend from the liability program of \$5,038,862 and a dividend from the workers' compensation program of \$3,461,497. The dividend allocation is based on the percentage of total contributions by each campus for the past five years.

A motion was made to approve a dividend from the liability program of \$5,038,862 and a dividend from the workers' compensation program of \$3,461,497, payable in November, 2016 as presented in the agenda packet and to delegate authority to the AIME Committee to determine if a dividend can be distributed from the AIME risk pool in accordance with CSURMA's policies and procedures.

**MOTION:** Jody Van Leuven

**SECOND:** Lisa Kao

**MOTION CARRIED**

**D2c. Actuarial Reports for Campus Liability, Campus Workers' Compensation and Athletic Injury Medical Expense (AIME) Programs**

Rob Leong summarized the actuarial reports. Leong noted that the loss rates within the liability program are based on FTE. These rates are now flattening out. There was an increase between FY 14/15 to FY 15/16. The claim frequency between FY 13/14 and FY 14/15 was flat; however, the claim severity increased slightly. Within the workers' compensation program, the recommended loss rate of \$0.94 is a slight increase from FY 15/16; however, this rate is substantially lower than the WCIRB rate, of 2.02, for the same class code. The TPA has been aggressive in settling claims through Compromise and Release or Stipulation which might result in a claim cost spike. The TPA settled 317 claims in FY 14/15. The claim frequency between FY 13/14 and FY 14/15 is down significantly; however, the claim severity increased. The AIME rate is per athlete and increased slightly from \$371 to \$389.

This item is for information only as the Executive Committee reviewed the reports at its September 11, 2015 meeting, and accepted the actuary's findings and recommendations for use in CSURMA's financial reporting, rate setting, and funding evaluations.

**D3. FY 2016/2017 Rates and Gross Funding Campus Coverage Programs**

Rob Leong explained that the Executive Committee is recommending adoption of the rates and funding for the upcoming fiscal year as shown in the table below.

**CAMPUS COVERAGE PROGRAMS FUNDING RECOMMENDATION**

Coverage Program	FY 15/16 Actual	FY 16/17 Proposed	\$ Change	% Change
Liability	\$13,514,960	\$14,240,860	\$725,900	5.4%
Workers' Compensation	37,744,986	37,823,215	78,229	0.2%
IDL/NDI/UI	13,500,000	13,500,000	0	0.0%
Property <sup>(1)</sup>	8,000,000	8,250,000	250,000	3.1%
Auto Liability <sup>(2)</sup>	688,468	845,823	157,355	22.9%



AIME <sup>(3)</sup>	3,897,503	3,897,503	0	0.0%
<b>Total</b>	<b>\$77,345,917</b>	<b>\$78,557,401</b>	<b>\$1,211,484</b>	<b>1.6%</b>

Staff prepared FY 2016/17 funding recommendations using the draft actuarial reports dated August 3, 2015. The General Liability Program costs include premium deposits for Student Professional Liability Insurance Program and Student Academic Field Experience for Credit Liability Insurance Program. The Liability Program uses payroll as the rating basis. The actual payroll for FY 14/15 is used in the calculation. Payroll did increase which resulted in an overall program increase.

The Campus Property Program costs includes Blanket Employee Fidelity coverage and Cyber Risk insurance. The total FY 16/17 funding requirement for the Property Program is \$9,147,000; however, to keep rates relatively flat, Staff is proposing that \$897,000 be drawn from retained earnings within the property fund. The proposed FY 16/17 funding is \$250,000 higher than FY 15/16 to fund the new Fine Arts, Archives and Artifacts Program for FY 16/17.

The Auto Liability is covered by the State Vehicle Liability Self-Insurance Program and its costs are determined by the Office of Risk and Insurance Management (ORIM) in March, 2016 each year. The Auto Liability costs were actually increased by ORIM in March, 2015; however, the Auto Liability costs are charged to the campuses one year in arrears.

The funding recommendations have *not* been discounted for expected investment income, with the exception of the Workers' Compensation Program funding. Workers' Compensation was discounted due to favorable pricing from the CSAC Excess Insurance Authority.

A motion was made to adopt the Campus coverage programs funding on an undiscounted basis, except Workers' Compensation, which is discounted for expected investment income, for FY 2016/17 as presented in the table above and to authorize the Executive Committee discretion to finalize rates on a discounted basis when it meets in March, 2016.

**MOTION:** Mike Lee  
**SECOND:** Kevin Saunders

**MOTION CARRIED**

**D4. Policy and Procedure No. 15 – Responsibilities of the Treasurer and the Secretary-Auditor**

Daniel Howell reviewed the recommended changes within Policy and Procedure No. 15. To avoid potential lapses in coverage while insurance negotiations are being finalized, the Secretary-Auditor may at times be directed by the Executive Committee to finalize insurance negotiations with delegated authority to bind the insurance as necessary. Historically, on an annual basis the Executive Committee has delegated this authority. Policy and Procedure No. 15 has been amended

to grant authority to the Secretary-Auditor to finalize negotiations and bind existing coverages. Howell confirmed that this delegation of authority extends to existing coverage programs only. The Secretary-Auditor does not have authority to bind new coverage programs. The Secretary-Auditor will also provide a report summarizing the insurance bound at a subsequent Executive Committee meeting.

A motion was made to adopt the proposed amendments to Policy and Procedure No. 15.

**MOTION:** Guy Dalpe  
**SECOND:** Jody Van Leuven

**MOTION CARRIED**

**D5. Draft Policy and Procedure No. 23 - Additional Covered Party Endorsement**

Daniel Howell noted that the procedures outlined in Policy and Procedure No. 23 are the steps that are already being followed when issuing an additional insured endorsement. The draft policy and procedure does not change the current procedures; it just confirms the current practice. The new policy and procedure is intended to address those situations where the CSURMA Program Administrators and Systemwide Risk Management are not comfortable with the request for additional insured coverage. It outlines the review, denial and appeal process.

A motion was made to adopt draft Policy and Procedure No. 23 as presented.

**MOTION:** Mike Lee  
**SECOND:** Jody Van Leuven

**MOTION CARRIED**

**D6. Review of FY 2015/2016 Long Range Planning Goals**

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

- LRP-1 – Form 700 electronic Filing, which will be presented at this meeting.
- LRP-2 – Workers’ Compensation Claims Closure Initiative.
- LRP-3 – Agility Recovery Property Loss Recovery Program.
- LRP-4 – Additional Covered Party – Policy and Procedure
- LRP-5 – On-Line Education Multi-State Surety Initiative.
- LRP-6 – Student Placement Agreements
- LRP-7 – CSU / UC Workers’ Compensation Summit
- LRP-8 – Campus and AORMA Risk Program Benchmarking and Trend Analysis
- LRP-9 – Special Events Risk Management Manual
- LRP-10 – Insurance Policy Database

## **D7. Resolution Recognizing the Contributions**

A motion was made to adopt the Resolutions recognizing the contributions of George Ashkar, Kurt Borsting, David Prenovost, Cynthia Teniente-Matson, Michael Thorpe and Patricia Worley.

- George Askhar – Resolution No. 03-15
- Kurt Borsting – Resolution No 04-15
- David Prenovost – Resolution No. 05-15
- Cynthia Teniente-Matson – Resolution No. 06-15
- Michael Thorpe – Resolution No. 07-15
- Patricia Worley – Resolution No. 08-15

**MOTION:** Kevin Saunders

**SECOND:** Mike Lee

## **MOTION CARRIED**

## **E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS**

### **E1. AORMA Programs Status Report**

Guy Dalpe, the AORMA Vice-Chair, updated the Board on the recent activities of the AORMA Committee. The AORMA Committee is considering extending the term of the AORMA Committee Chair beyond the current one-year term. A dividend from the liability program of \$871,000 and from the workers' compensation of \$300,000 was declared. The AORMA Committee Member Services, Loss Control and Training Committee will be merged into the Programs Committee. A smart phone application is being reviewed which will include CSURMA's contract information.

## **F. CLOSED SESSION**

There were no items scheduled for closed session.

## **G. INFORMATION ITEMS**

### **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. California Fair Political Practices Commission – Statement of Economic Interest (Form 700) Electronic Filing**

Daniel Howell explained that at its meeting on September 11, 2015, the Executive Committee approved a contract with SouthTech Systems as the platform which will be utilized by the Board members and applicable consultants to electronically complete and file their Statement of Economic Interest (Form 700) with the California FPPC.

Grant Gyulnazaryan, the Vice President and Chief Financial Officer of SouthTech Systems provided an online demonstration on how to file CSURMA related Form 700's going forward.

## **G3. On-Line Education Multi-State Surety Initiative**

Zachary Gifford explained that California State University campuses offer online courses to students outside of California; i.e., distance learning. Because these educational tools have crossed state lines, an insurance bond is generally required by other state jurisdictions. The Executive Committee directed the Program Administrators to research the feasibility of securing a blanket bond covering all 23 campuses within the CSU. Current legislation is in the works which may make this issue moot. Staff will update the Board as additional information becomes available.

## **G4. Benchmarking Project Status**

Zachary Gifford explained that at their March 2015 long range planning meeting, the CSURMA Executive Committee determined that CSURMA should establish a regular practice of benchmarking CSURMA performance to internal and external standards. CSURMA has joined the California Workers' Compensation Institute (CWCI), a statewide claims database that will allow CSURMA to evaluate program performance for the campuses and auxiliary organizations. The Chancellor's Office Systemwide Risk Management has begun the process of developing standards for a balanced scorecard approach that includes liability, property, workers' compensation and AIME program benchmarks. The Chancellor's Office Systemwide Risk Management is also looking to develop data sharing protocols with other universities, starting with the University of California.

The first CWCI report is expected by January 2016. The CWCI report results will allow staff to identify performance measures.

## **G5. Insurance Policy Database**

Zachary Gifford explained that at its 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. Staff expects that a recommendation will be presented to the CSURMA Executive Committee at their January 10, 2016 meeting.

## **G6. Development of Fine Arts, Archives and Artifacts Program**

Robert Leong explained that at the September 11, 2015 meeting, the Executive Committee approved the addition of the Fine Arts, Archives and Artifacts sub-program to the Property Program. CSU has had a history of usually self-insuring personal property (i.e. building contents). Campuses have added “fine arts” coverage when required by exhibition loan agreements, and certain collections have been specifically insured. The fall 2015 launch of the New University Museum at San Francisco State University has highlighted the need for CSU to evaluate how it protects its fine arts, archives and artifacts. With the support of the CSU Systemwide Office of Risk Management, an interdisciplinary working group at SFSU has met with the Program Administrator to create an insurance program with broad coverage, including earthquake and water damage, very low deductibles, and automatic coverage for incoming and outgoing exhibitions.

The program is being called the “Fine Arts, Archives and Artifacts Program” (FAAAP). For purposes of administration and accounting, FAAAP will be classified by CSURMA as a sub-program of the Property Insurance Program, similar to the treatment of the Fidelity Insurance Program. It is expected to launch this winter with SFSU. All remaining campuses will be offered to participate by July 1, 2016.

## **G7. Student Placement Agreements**

Zachary Gifford explained that the CSURMA Executive Committee adopted a Long Range Planning item that directs staff to develop more master agreements with student practicum hosting partners. A recent serious injury to a student teacher (non-CSU related) at a San Mateo County Schools Insurance Group insured school led to a movement by three large schools JPA’s to bar any student placements not including workers’ compensation coverage provided by a university of the placed students. The draft agreement being directed to numerous school districts was clearly unacceptable to CSU. To prevent adoption of an unacceptable agreement, Zachary Gifford and Daniel Howell met with leadership of the three JPA’s to agree on language that could be acceptable to school district insurers and the CSU. The sample agreements have been reviewed by CSU Office of General Counsel, finalized and are attached. It is expected that large school JPA’s throughout the state will be adopting the samples as their baseline for student teaching placements.

The CSU Systemwide Office of Risk Management will work with risk management and procurement professionals to communicate the approved language. Campuses and school districts are allowed to alter the terms of the sample agreements; however, modification of the insurance and indemnity terms should not be made without discussion with University Counsel and the Systemwide Office of Risk Management.

## **G8. CSURMA Administrative Service Calendar**

Linda Hawk directed Board’s attention to the CSURMA Administrative Services Calendar contained in the agenda packet. She encouraged everyone to review the Administrative Services Calendar as part of their fiduciary responsibility as Board members.



**APPROVED**

**G9. 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 11:57 A.M.



**APPROVED**

**CSURMA BOARD OF DIRECTORS MEETING  
ATTENDANCE**

**October 24, 2015**

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

**10:30 AM**

Board of Directors:

<b>Campus Name</b>	<b>Representative</b>	<b>Present ✓</b>	<b>Alternate</b>	<b>Present ✓</b>
CSU Bakersfield	<b>Thom Davis</b>	<i>✓In Person</i>	<b>Tim Ridley</b>	<i>✓In Person (non-voting)</i>
CSU Office of the Chancellor	<b>Robert Eaton</b>	<i>✓In Person</i>	<b>Vacant</b>	
CSU Channel Islands	<b>Katharine Hullinger</b>	<i>✓In Person</i>	<b>Caroline J. Doll</b>	
CSU Chico	<b>Michael Thorpe</b>	<i>Teleconference</i>	<b>Lorraine B. Hoffman</b>	
CSU Dominguez Hills	<b>Stephen J. Mastro</b>	<i>✓In Person</i>	<b>Jeff Wood</b>	<i>✓In Person</i>
CSU East Bay	<b>Nyassa Love</b>		<b>Debbie Chaw</b>	□
CSU Fresno	<b>Debbie Adishian-Astone</b>		<b>Lisa Kao</b>	<i>✓In Person</i>
CSU Fullerton	<b>Lori Gentles</b>		<b>Michael Coughlin</b>	<i>✓In Person</i>
Humboldt State University	<b>Michael Burghart</b>	<i>Teleconference</i>	<b>Joyce Lopes</b>	
CSU Long Beach	<b>Mary Stephens</b>	<i>✓In Person</i>	<b>Felissa Waynick</b>	
CSU Los Angeles	<b>Lisa Chavez</b>	<i>✓In Person</i>	<b>Kevin Brady</b>	<i>✓In Person (non-voting)</i>
California Maritime Academy	<b>Vineeta Dhillon</b>	<i>Teleconference</i>	<b>Franz Lozano</b>	
CSU Monterey Bay	<b>Kevin Saunders</b>	<i>✓In Person</i>	<b>Lenore Reed</b>	
CSU Northridge	<b>Daniela Cross</b>	<i>✓In Person</i>	<b>Ron Norton / Jason Wang</b>	
Cal Poly Pomona	<b>Sharon Reiter</b>	<i>✓In Person</i>	<b>Valerie Eberle</b>	<i>✓In Person (non-voting)</i>



California State University Risk Management Authority

**APPROVED**

CSU Sacramento	<b>Mike Lee</b>	<i>✓ In Person</i>	<b>Kirtland Stout</b>	<i>✓ In Person (non-voting)</i>
CSU San Bernardino	<b>Jody Van Leuven</b>	<i>✓ In Person</i>	<b>Douglas R. Freer</b>	
San Diego State University	<b>Thomas McCarron</b>		<b>Jessica Rentto</b>	<i>Teleconference</i>
San Francisco State University	<b>Ronald Cortez</b>		<b>Jay Orendorff</b>	<i>✓ In Person</i>
San Jose State University	<b>Mark Loftus</b>	<i>Teleconference</i>	<b>Josee Larochele</b>	<i>Teleconference (non-voting)</i>
Cal Poly (San Luis Obispo)	<b>Dru Zachmeyer</b>		<b>David Ragsdale</b>	
CSU San Marcos	<b>Linda Hawk</b>	<i>✓ In Person</i>	<b>Erin Fullerton</b>	<i>✓ In Person (non-voting)</i>
Sonoma State University	<b>Tyson Hill</b>	<i>Teleconference</i>	<b>Nathan Johnson</b>	
CSU Stanislaus	<b>Amy Thomas</b>	<i>Teleconference</i>	<b>Douglas Dawes</b>	

<b>Campus Name</b>	<b>Representative</b>	<b>Present ✓</b>
University Glen Corporation	<b>Dave Nirenberg</b>	
Fresno Association Inc., CSU Fresno	<b>Keith Kompsi</b>	<i>✓ In Person</i>
Humboldt State University Center	<b>Dave Nakamura</b>	<i>✓ In Person</i>
California State University, Long Beach Foundation	<b>Brian Nowlin</b>	
Forty-Niner Shops, Inc., CSU, Long Beach	<b>Robert de Wit</b>	
University Corporation, CSU Monterey Bay	<b>Gigi Kiama</b>	<i>✓ In Person</i>
University Enterprises, Inc. (UEI)	<b>Jim Reinhart</b>	<i>✓ In Person</i>
University Union Operation of CSUS, Inc.	<b>Leslie Davis</b>	<i>✓ In Person</i>
San Jose State University Research Foundation	<b>Cheree Aguilar</b>	<i>✓ In Person</i>
Associated Students, Inc., Cal Poly San Luis Obispo	<b>Dwayne Brummett</b>	<i>✓ In Person</i>
CSU Fullerton Auxiliary Services Corporation	<b>Frank Mumford</b>	
Cesar Chavez Student Center, San Francisco	<b>Guy Dalpe</b>	<i>✓ In Person</i>



**APPROVED**

**Staff, Guests and/or Consultants Present:**

Kelly Cox, CSU Office of the Chancellor  
Zachary Gifford (Secretary/Auditor), CSU Office of the Chancellor  
Tevea Him, 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.  
Liezl Sangalang, KPMG  
Rebecca Skidmore, CSU Office of the Chancellor  
Mark Thomas, KPMG