

**MINUTES OF THE  
CSURMA EXECUTIVE COMMITTEE MEETING  
SEPTEMBER 12, 2014  
ALLIANT INSURANCE SERVICES  
1301 Dove Street, 2<sup>nd</sup> Floor • Newport Beach, CA  
8:30 AM**

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**MEMBERS PRESENT**

George V. 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 (Vice-Chair) - CSU San Marcos  
Mike Lee - CSU Sacramento  
Frank Mumford (AORMA Vice-Chair) - CSU Fullerton  
Cynthia Teniente-Matson (Chair) - CSU Fresno  
Michael Thorpe - CSU Chico

**MEMBERS ABSENT**

None

**STAFF, GUESTS & CONSULTANTS**

Kelly Cox - CSU Office of the Chancellor  
Gordon DesCombes - Alliant Insurance Services, Inc.  
Melissa Diaz - Alliant Insurance Services, Inc.  
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  
Robert Leong - Alliant Insurance Services, Inc.  
Mimi Long - Alliant Insurance Services, Inc.  
Steve Relyea - CSU Office of the Chancellor

**A. CALL TO ORDER**

The meeting was called to order at 8:31 AM by Cindy Matson.

Cindy requested that the Financial Report and the Brokerage Service Agreement Addendum A-1 be removed from the Consent Calendar so that each item could be discussed separately.

**A1. Approval of the Agenda**

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

**MOTION:** Frank Mumford

**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			
Cynthia Teniente-Matson	X			
Michael Thorpe	X			

**MOTION CARRIED**

**A. PUBLIC COMMENTS - None**

**B. CONSENT CALENDAR**

**C1. Approval of Minutes – May 9, 2014**

The Committee reviewed the minutes from their last meeting. Lori Gentles requested that her university location be amended to reflect CSU Fullerton, rather than San Francisco State University.

A motion was made to approve the minutes with the one revision noted above.

**MOTION:** George Ashkar

**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		

Cynthia Teniente-Matson	<b>X</b>			
Michael Thorpe	<b>X</b>			

**MOTION CARRIED**

The CSURMA Executive Committee members and guests introduced themselves.

**C2a. Receipt and Review of the Draft Financial Statements at June 30, 2014**

Cindy asked that the draft financial statement at June 30, 2014, be removed from the consent calendar so that the reclassification could be discussed. George explained that the property reinsurance premium was moved from Direct Program Expenses into the Operating Revenues as a negative revenue. The change to the financial statement is a reclassification, not a restatement, and does not affect the bottom-line.

A motion was made to approve the draft Financial Statement and Treasurer’s Report at June 30, 2014.

**MOTION:** Mike Thorpe

**SECOND:** Lisa Chavez

<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>			
Cynthia Teniente-Matson	<b>X</b>			
Michael Thorpe	<b>X</b>			

**MOTION CARRIED**

**C3. Brokerage Service Agreement – Addendum A-1**

Daniel Howell stated that the common practice has been that the Program Administrator could receive income on placements that are outside of the “normal” CSURMA placements; however, that standard procedure was not documented in the brokerage service agreement. Addendum A-1, allows Alliant to place coverage for special events, fine arts exhibits, summer camps, and other miscellaneous placement and commissions will be earned at the percentages shown in the addendum. Addendum A-1 was drafted to provide clarity for audit purposes in disclosing commission rates on the miscellaneous coverages placed by Alliant for CSURMA and AORMA members. As provided in Attachment A, for other miscellaneous insurance placements, Broker shall earn commissions agreed upon with Client or Client’s members.

A motion was made to approve Addendum A-1 to the Brokerage Service Agreement.

**MOTION:** Frank Mumford

**SECOND:** Linda Hawk

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			
Cynthia Teniente-Matson	X			
Michael Thorpe	X			

**MOTION CARRIED**

**D. GENERAL ADMINISTRATION**

**D1. Insurance Renewal Report**

Cindy asked Daniel to update the committee on July 1 insurance renewals. Daniel stated that the liability renewal went very well. The excess liability program was restructured two years ago. The program renewed with incumbent underwriters although there was a slight shuffling and increased rate in the upper layers. This change was required in order to maintain the \$100 million coverage for claims involving traumatic brain injury (TBI). Lexington had to be removed as they do not want to write coverage for TBI. There is a lot of concern amongst excess insurers regarding concussive injuries. Replacing Lexington resulted in an additional \$5,000. Coverage for small UAV (drones) was added to \$20 million. Overall, the excess premium cost increased 3%, with half of that increase due to the cost to add the UAV coverage.

The property renewal also had great results. Several large losses dropped off of the loss run allowing Alliant to market the property program. The property carriers had been using those losses to justify the higher property rate. Also, due to the size of the CSURMA property program, there are very few insurers able to write such a large risk. Zurich provided a competitive bid; however, the program ultimately stayed with the incumbent carrier (Lexington) due to pricing and the extremely broad coverage form. Lexington provided a 30% rate reduction for FY 14/15. CSURMA was also able to maintain the aggregate stop loss.

Based on the report received by the CSU Office of the Chancellor, the probable maximum cyber liability loss would be \$10,000,000. Based on that information, additional Cyber Liability insurance was purchased. Beazley Underwriters of Lloyds, the market leader, offered a very comprehensive Cyber Liability proposal. It includes breach response, credit monitoring,

increased limits, forensic accounting and enhanced coverages. The program now includes notification coverage for up to 2,000,000 persons affected by a breach. Beazley representatives will attend the CSURMA Board meeting in October and will present their new breach response services. Willy Hsu reiterated how critical it is to report and respond to a breach as quickly as possible. Daniel agreed to send out a bulletin to all CSURMA and AORMA members explaining the new services. The underlying message will be that we want to know of any breach as soon as possible so that the damage can be mitigated. Steve Relyea also agreed that early reporting is critical and he stated that he would present these new services to the CSU Counsel Presidents.

Daniel stated that the workers' compensation costs are edging up. The latest workers' compensation reforms did very little to stabilize costs. Daniel did note that CSURMA has an exemplary workers' compensation program and loss ratio. The CSURMA Actuary separates workers' compensation programs into five loss ratio tiers. CSURMA is below tier one, which represents the best loss ratio tier. Overall, however, CSURMA should continue to expect costs increases due to the rising medical costs.

Both the SPLIP and SAFECLIP programs were renewed with the same London broker. These programs continue to have excellent results and Alliant obtained a rate decrease of 5% on each program.

The crime program remains stable with incumbent underwriters who have recently approved amendments to accommodate research foundation grant funding exposures. The Campus Risk Pool program premium decreased 5% and the AORMA program increased 5% due to claims activity.

The AIME program received a slight cost increase due to medical cost inflation. AIME is 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 for FY 14/15. The program renewal cost to members will increase by 3% for FY 2015/16 based on preliminary projections.

The foreign travel program did not fare as well as the other program. The program stayed with ACE; however, a 12% increase was incurred due to the recent loss in Tanzania. The program now has a 400% loss ratio. The IP telephone hotline is charged \$350 every time a call comes in. Alliant is working with ACE to manage the hotline services. The foreign location managers and physicians can provide assistance on many questions without the travelers using the hotline. The individual traveler rates were maintained. An overlay program was created for students and other travelers who are required to purchase accident and health coverage via another program such as USAC. The overlay rates are lower and provide only the liability coverages.

Kelly Cox was curious why the property program changed from insurance to reinsurance. Daniel states that reinsurance benefits the CSURMA by providing more control over the claims handling and costs savings. Obtaining excess coverage through a reinsurance agreement, rather than traditional excess insurance, allows CSURMA to avoid paying fees and taxes.

## D2. Discussion of CAJPA Comparative Review in FY 15/16

Cindy introduced this item and asked Daniel to provide the background on why CSURMA should consider performing a CAJPA review. Daniel stated that in 2011, CSURMA engaged an independent consultant to conduct a performance review of CSURMA's program administration and accounting practices along the lines of the California Association of Joint Powers Authority (CAJPA) Accreditation Standards. The review was conducted by James P. Marta & Company, who served as CAJPA's accreditation consultant. Several recommendations were presented by the consultant that served to improve overall management of CSURMA. As it has been three years since the last review and the Executive Committee may want to conduct a similar review during 2015. Being accredited by CAJPA can be used as a marketing tool and is a quality assurance to public entities considering joining a new pool. Because JPA's are not regulated by the state, adhering to the CAJPA standards is way to assure a well-run JPA. Because the CSURMA Campus Risk Pools have only one member, the mandatory funding requirements don't necessarily make sense. CSURMA has been accredited by CAJPA in the past, but withdrew from that program because CAJPA's accreditation committee failed to recognize as adequate the CSURMA Funding Policy since that policy relies on the University's commitment to fund deficits over a long time. Also, CAJPA wanted CSURMA to adopt for the campus Risk Pool a mandatory 70% confidence level funding rather than the current policy that allows the Committee discretion in setting target funding.

George Ashkar noted that the time commitment is significant in preparing the financial documents for the CAJPA accreditation. He noted that CSURMA already has three external audits - the operations audit, the financial audit and the compliance audit. If the committee moves forward with the review, he requests that it not overlap with the other audits. George suggested that the review consultant could approve the financial practices of CSURMA based on the results of the independent financial audit. George reiterated that he is not opposed to the audit and does believe that it provides great suggestions for improvement, but that it requires a substantial time commitment from his staff. Kelly Cox suggested that the review be done every five years.

Cindy inquired if CSURMA agreed to conduct the CAJPA accreditation review every three years. Daniel confirmed that CSURMA only agreed to consider the CAJPA accreditation review every three years. Daniel noted that CSURMA did extremely well on the prior accreditation. The committee was asked to consider the value of the review considering staff time and cost to CSURMA.

Daniel recommended completing the review. CAJPA keeps up with all the JPA legislative requirements and will keep CSURMA on track. Zachary suggested just auditing the program administration and not the financial practices. The independent financial audit could be incorporated into the review as acceptance of CSURMA's financial practices. Jim Marta conducted the shadow audit three years ago. Jim is a CPA and his area of expertise is financial procedures. Daniel suggested that a different auditor could be found to provide a shadow CAJPA accreditation review of only CSURMA's program administration.

Willy also noted that if CSURMA becomes accredited by CAJPA, in essence, CSURMA has adopted the CAJPA standards and would be required to adhere to them with no variance. If the standards change mid-term, CSURMA would still be legally wed to them. Willy feels some sort of shadow audit is reasonable. CSU is checked and doubled checked, but the auxiliary organization may not be following the same standards. A lot of the audit work has already been done and can be incorporated into the CAJPA accreditation review.

Steve Relyea agreed that a full blown audit does not seem to add much value. He agrees that auditing those operations that are not covered by the financial audit would be prudent.

A question was asked if having a CAJPA accreditation positively effects the excess insurance placement. Daniel confirmed that excess insurance carriers do not consider a CAJPA accreditation as a positive because the excess carrier wouldn't cover a loss within the JPA's pooled layer anyway.

The committee recommended that a CAJPA shadow accreditation audit of only the operational aspects of CSURMA rather than the financial practices should be conducted. The committee would like the audit completed in time for the March, 2015 meeting.

A motion was made to direct staff to obtain proposals for a JPA operational audit for review at the October, 2014 meeting.

**MOTION:** Linda Hawk  
**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			
Cynthia Teniente-Matson	X			
Michael Thorpe	X			

**MOTION CARRIED**

**D3. Workers' Compensation Program Claims Closure Initiative Update**

Zach explained that the workers' compensation claims closure initiative has commenced. Ten files have been selected to be reviewed. Corey Ingber from Ingber and Weinberg will audit each file and suggest proactive claim closure ideas. When claims are so old the claims examiners tend to become lethargic and may not proactively manage the case file. Getting an attorney involved,

makes the entire workers' compensation process more of a hassle for the claimant. When the process becomes tedious, the claimant may be inclined to agree to a C&R. The cost for the claims closure initiative will pay for itself by just closing one or two files.

So far, eight files have been reviewed. Different strategies for closure were discussed for each. None of the files have been closed to date, but the initiative does look promising.

There are 120 old claims in the SELF layer. Jacki Graf will provide a report of the initiative's progress at the next meeting.

#### **D4. Risk Management Innovative Grant Program**

Cindy noted that \$100,000 was set aside for this endeavor. Rob Leong explained that seven campuses responded with a total of 11 requests. The applications were for workers' compensation health and wellness and property safety and risk control. The Campus is required to have some investment in the program as this is a matching grant program. As noted on the grant outline, the estimated cost of the risk reduction projects submitted is \$33,244; \$15,232 would be funded through the grant program. Cindy noted that most of the projects appeared to be operating upgrades as opposed to new and innovated projects. Rob agreed.

Zach declared that approving the grant projects, as submitted, demonstrates that CSURMA is assisting the campuses and it gets safety and risk management in the forefront. It forces campuses staff to think about safety. If \$80,000 is left in the budget for grant programs, collaboration between the campuses could result in innovative projects for lock out tag out, LMS training, lab safety or hazardous waste management handling. Zach will work with the campus risk managers to come up with a grant proposal. Daniel stated that the UC has some very innovative safety programs. The CSU may be able to piggyback on some of the work that has already been done by the UC. Daniel will see if he can get copies of the UC applications. Steve Relyea offered to provide assistance.

Steve mentioned that the UC established a 1-800 hotline for students to report campus climate or bias incidents. The service is outsourced to NavX. The reports are independent and anonymous; however, if the student wants a campus response, they have to provide their contact information. The incidents are then directed to the appropriate person ... i.e., police, student committee, etc. The UC views this as a successful program. Every week, the UC gets a report. Steve Relyea confirmed that he sees the value of a grant program that promotes new and innovative ideas, but he thought \$2,000 may be too small of an amount. He felt that a larger amount might generate some really innovative ideas.

The EH&S staff and Risk Managers know that Zachary is discussing the use of the unencumbered funds with the Executive Committee and they are excited to make use of the remaining funds.

The committee agreed that the criteria needed to be tighten up. Lori recommended approving the grants applications received as of today and tightening up the criteria for future grants. Linda agrees with this strategy. Zach agreed to design the new criteria for the grant program.

Rob Leong agreed to send a last call for innovation grants. He will also send the last call reminder to Cindy so she can present it a CABO.

A motion was made to direct staff to send out a last call for innovation grants to be submitted by early October so that the Executive Committee can make a final decision at the October meeting.

**MOTION:** Mike Lee

**SECOND:** Cindy Teniente-Matson

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			
Cynthia Teniente-Matson	X			
Michael Thorpe	X			

**MOTION CARRIED**

**D5. Prevention of Sexual Misconduct and Abuse of Minors**

Mimi Long summarized the timeline for finalization of the online self-assessment tool and corresponding training through Praesidium. The online self-assessment resources and standards have been reviewed and approved for use by CSU Systemwide Risk Management. Praesidium is now uploading the resources and standards and customizing their on-line self-assessment tool for use by the CSURMA members. The draft self-assessment tool will be ready for CSURMA’s review by September 15<sup>th</sup>. Staff will work with CSU Systemwide Risk Management and Praesidium to finalize the announcement materials as well as the webinar invitations. Webinars, which explain how the self-assessment tool operates, have been scheduled for;

- ✓ Thursday, October 9<sup>th</sup> at 10:00 AM
- ✓ Wednesday, October 15<sup>th</sup> at 1:00 PM
- ✓ Monday, October 20<sup>th</sup> at 11:00 AM

Praesidium staff will also attend the CSURMA Board of Directors meeting on Friday, October 24<sup>th</sup> to provide an in-person presentation.

Praesidium will start by loading five different training courses onto CSU’s SkillPort platform. Praesidium has suggested six different courses which have been sent to Zachary Gifford and David Krevella for approval. Praesidium has agreed to waive the additional costs incurred to upload the training. For those Auxiliary Organization staff that may not be able to access SkillPort, the training can be viewed directly through the Praesidium platform.

The current contract allows 25 on-line self-assessments per campus. If the self-assessment becomes mandatory and usage increases, Mimi mentioned that she thought the contract cost of \$50,000 would most likely increase.

The committee asked that the announcement be sent to the Systemwide Athletic Directors, Campus HR staff and CABO.

**D6. AIME Claims Service Agreement**

Rob Leong noted that A-G Administrators provides claims administration services to AIME. The current service agreement expired on June 30, 2014. A-G presented a proposal to renew the agreement to the AIME Committee on May 19, 2014 for five additional years through 2018/19. The proposal was not acceptable and the contract was not approved by the AIME committee. The AIME Committee has not been satisfied with the services provided by A-G Administrators due to (1) lack of training for the members, (2) inconsistent handling of claims, (3) approving payments that are not part of the contract, and (4) lack of follow up.

Rather than approving the five year contract, the AIME Committee requested A-G to provide an Extension of Services Letter to enable the Committee to thoroughly review the proposed five year contract and service experience.

A motion was made to delegate authority to the Secretary-Auditor to finalize an agreement with A-G Administrators for a one-year period and delegate authority to staff to work with A-G Administrators to resolve the servicing issues.

**MOTION:** Frank Mumford

**SECOND:** Mike Lee

<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>			
Cynthia Teniente-Matson	<b>X</b>			
Michael Thorpe	<b>X</b>			

**MOTION CARRIED**

**D7. Evaluation of CSURMA Equipment per Policy & Procedure No. 16 – Use of CSURMA Equipment**

Daniel directed the committee to review the equipment listing attachment. Twelve board tablets are now over three years old. Policy and Procedure No. 16 – Use of CSURMA Equipment, specifies that the board tablets will be refreshed on a three year schedule. Maintaining the older equipment for staff becomes very cumbersome as the software may not update appropriately on the older hardware.

The committee discussed what would happen to the old tablets. It was decided that Staff would sanitize the equipment and then it would be donated to the CSU Office of the Chancellor. The equipment will then be handled in accordance with the CSU surplus equipment policy.

A motion was made to refresh the twelve board tablets as noted on the equipment schedule and sanitize the old equipment to be donated to CSU.

**MOTION:** Linda Hawk  
**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			
Cynthia Teniente-Matson	X			
Michael Thorpe	X			

**MOTION CARRIED**

**D8. Adoption of CSURMA Executive Committee and Board of Directors 2014 Meeting Calendar**

The following meeting dates were discussed. Daniel noted that in prior years, the Executive Committee would cancel its December meeting and instead meet in January during the AOA Conference. This year; however, the AOA Conference is in February. If the EC meets during AOA that would mean the committee would be meeting monthly, in February, March, April and May.

Description	Date	Day	Time	Location
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EC Committee	2/08	Sunday	3:00 PM	Pasadena (AOA Conference)
EC Committee	3/19	Thursday	2:30 PM	TBD
EC Committee - LRP	3/20	Friday	8:00 AM	TBD
BOD Committee – New Board Member Orientation	4/23	Thursday	2:00 PM	Teleconference
BOD Committee	4/28	Tuesday	4:00 PM	San Diego (Fitting the Pieces Conference)
EC Committee	5/08	Friday	8:00 AM	Long Beach
EC Committee Orientation	9/10	Thursday	4:00 PM	TBD
EC Committee	9/11	Friday	8:30 AM	TBD
BOD Committee – New Board Member Orientation	10/22	Thursday	2:00 PM	Teleconference
EC & BOD Committee	10/23	Friday	9:00 & 10:30 AM	Long Beach
EC Committee	12/4	Friday	8:30 AM	TBD

The committee decided to table this item until the October meeting.

**D9. Foreign Travel Approval and Tracking Process**

Zachary and Daniel summarized the new foreign travel process. The Chancellor’s Office is proposing the following changes:

- Delegation of Travel Approval to Campuses - Campus Presidents would be authorized to delegate approval of all international travel except to “war risk” countries requiring underwriter approval.
- Approval of “War Risk” Country Travel – Campuses would refer to the Chancellor’s Office for prior approval for travel to countries designated “war risk” by FTIP underwriters.
- Travel Registration – all international travel would be registered by the campus designee via an on-line questionnaire through the CSURMA website. The questionnaire will include basic information relative to destinations, activities, traveler contact information and modes of transport, with additional risk management related questions for travel to designated “high hazard” and “war risk” countries.
- Overlay Coverage – covers gaps in insurance for CSU-approved independent study abroad program vendors who require their participants to purchase insurance provided by their programs. The “overlay coverage” would be purchased for CSU-approved independent study abroad programs to cover the gaps in coverage.

It is expected that the process changes and registration portal will be implemented by January 1, 2015. The Executive Committee previously approved implementation of the Horizons software package proposed by Symplicity, but the vendor has had a management change and has not delivered the required product. Staff is now recommending that CSURMA authorize

development of its own portal at the [csurma.org](http://csurma.org) web site. This would be a basic offering that would satisfy CSU minimum operating requirements.

Zach noted that the new foreign travel procedure will be rolled out systemwide. The Chancellor’s Office has been taken out of the approval process for all travel except to “war risk” countries. Travel to “war risk” countries will include more robust travel requirements. These changes are being proposed to streamline the process. Only a small percentage of travel is to “war risk” countries.

Each campus will assign a designee to approval travel, and as long as the travelers are entered into the travel website, Alliant will have all of the necessary information.

A motion was made to approve the new January 2015 travel request procedure and to direct staff to continue development of the traveler tracking software which will reside on the CSURMA website.

**MOTION:** Frank Mumford

**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			
Cynthia Teniente-Matson	X			
Michael Thorpe	X			

**MOTION CARRIED**

**D10a. Review and acceptance of the Campus Programs Actuarial Reports for Liability, Workers’ Compensation and Athletic Injury Medical Expense (AIME) Programs**

Rob Leong summarized the actuarial reports. The complete draft reports for the Campus General and Errors & Omissions Liability and Campus Workers’ Compensation risk pools were reviewed as separate handouts. The AIME Committee will review the draft AIME report at its next meeting scheduled for November 3.

The Actuary’s findings and recommendations include:

Campus Liability

1. Projected Ultimate Limited Losses increased slightly by 1.2% for FY 15/16.

2. Loss Funding at 70% actuarial confidence increased from \$13,953,600 (FY 14/15) to \$14,117,400 (FY 15/16).

Campus WC

1. Projected Ultimate Limited Losses increased by 7.5% for FY 15/16.
2. Loss Funding at 70% actuarial confidence increased from \$26,808,100 (FY 14/15) to \$28,819,350 (FY 15/16).

Daniel noted that the liability results are good. There was a slight increase in the projected funding. The workers' compensation projected funding increased 7.5% due to the increased costs of medical treatment and Rx.

Rob summarized some of the report exhibits. As shown within the actuarial frequency/severity exhibit, the total number of claims within the liability program has increased but the severity of each claim is lower. This is a good result as the average size of each claim is decreasing. The comparison of projected ultimate limited losses at June 30, 2013 vs. June 30, 2014, shows that the projection of loss costs for several years has increased. The recommended funding for FY 15/16 is a 70% confidence level. CAJPA recommends funding at 70% plus an additional risk margin fund.

The workers' compensation projected costs did increase. During FY 04/05, several workers' compensation reforms were put into place. Those reforms helped keep the cost of workers' compensation claims down. Now, the costs are creeping back up. Within the workers' compensation program there is a decrease in the number of claims, however, the severity of each claim is increasing. The comparison of projected ultimate limited losses at June 30, 2013 vs. June 30, 2014, shows that the projection between the two years is fairly steady.

A motion was made to accept the actuarial reports for Campus Liability and Campus Workers' Compensation as presented.

**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			
Cynthia Teniente-Matson	X			
Michael Thorpe	X			

**MOTION CARRIED**

### **D10b. Campus Risk Pools Funding Status at June 30, 2014**

The Board of Directors adopted a policy to fund prior years' claim liabilities on a cash basis, and to begin funding of claims as they are incurred beginning in FY 1999/2000, with the ultimate goal to achieve full funding for all program years in ten years; i.e., by July 1, 2009. CSURMA's full funding goal was achieved on July 1, 2007 – two years ahead of schedule.

The Executive Committee is asked to review the risk pools funding status at June 30, 2014 and take action as appropriate.

Rob Leong explained the Estimated Funding Exhibit. The brown area represents the amount of funds necessary to pay claims at a 70% confidence level. The green area represents the amount of surplus which will be reviewed in order to determine dividend distributions.

CSURMA did reinsure some of the workers' compensation years, which remove those claims from the outstanding liabilities. The outstanding liabilities are growing as new un-reinsured years are added to the outstanding liabilities.

CSU's UI claims grew exponentially during the recession and that increased costs significantly. Dividends available from the other programs were used to pay off the UI deficit.

This item was presented as information only.

### **D10c. Recommendation for Campus Pool Programs FY 2015/2016 Rates and Gross Funding**

Rob Leong explained that upon recommendation of the Executive Committee, the Board of Directors adopts rates and funding for the upcoming fiscal year at its October meeting. The Program Administrator has prepared the FY 2015/16 draft calculations using the draft actuarial reports dated July 31, 2014.

Rob summarized the estimated program costs shown below. The General Liability program costs include premium deposits for Student Professional Liability Insurance Program (SPLIP) and Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP). Campus Property program costs include Blanket Employee Fidelity coverage and Cyber Risk insurance. Auto Liability is covered by the State Vehicle Liability Self-Insurance Program (VELSIP); its cost is determined by the Office of Risk and Insurance Management (ORIM) and issued in March 2015. The costs for the purchased insurance programs (SPLIP, SAFECLIP, Property, Fidelity, and Cyber) are estimated at this time since actual rates will not be known until negotiations are finalized in June 2015.

### **Campus Coverage Programs Funding Comparison**

	<b>FY 14/15 Actual</b>	<b>FY 15/16 <i>Undiscounted</i></b>	<b>\$ Chg from FY 14/15</b>	<b>% Chg</b>	<b>FY 15/16 <i>Discounted</i></b>	<b>\$ Chg from FY 14/15</b>	<b>% Chg</b>
Liability	\$13,434,901	\$13,511,845	\$76,944	0.6%	\$13,469,522	\$34,621	0.3%
Workers' Comp	33,196,159	37,744,985	4,548,826	13.7%	35,511,637	2,315,478	7.0%
IDL NDI UI	12,500,000	13,500,000	1,000,000	8.0%	13,500,000	1,000,000	8.0%
Property <sup>1</sup>	9,000,000	8,000,000	(1,000,000)	-11.1%	8,000,000	(1,000,000)	-11.1%
AIME <sup>2</sup>	3,577,749	3,577,749	0	0.0%	3,577,749	0	0.0%
Auto Liability <sup>3</sup>	688,468	688,468	0	0.0%	688,468	0	0.0%
<b>Total</b>	<b>\$72,397,277</b>	<b>\$77,023,047</b>	<b>\$4,625,770</b>	<b>6.4%</b>	<b>\$74,747,376</b>	<b>\$2,350,099</b>	<b>3.2%</b>

**Present Value Discount = \$2,275,671**

- (1) This is a projection based on market assessment at this time.
- (2) AIME Committee to recommend final funding for FY 2015/16.
- (3) Auto Liability cost to be issued by DGS ORIM in March 2015.

The Executive Committee is asked to review and recommend to the Board of Directors adoption of the Campus coverage programs funding for FY 2015/16 as presented in the Table above.

CSURMA funds its programs at a 70% confidence level. Typically the executive committee recommends to the board adoption of the undiscounted funding projections. The historical practice is for the board to adopt the undiscounted projections and to revisit the funding again in the spring. At that time the executive committee may choose to adopt the discounted funding. CSURMA uses a 2% discount rate.

Daniel introduced Gordon DesCombes. As explained by Gordon, the risk transfer proposal from CSAC EIA would provide risk transfer of the campus and AORMA self-insured workers' compensation layers of \$2,500,000 (note: typo in the presentation corrected from \$2,000,000 to \$2,500,000) and \$500,000, respectively. CSAC EIA's cost to fully reinsure both self-insured layers is significantly lower than the funding requirement at a 70% and 80% (for AORMA) confidence level. The costs for the risk transfer would be 2% to 8% above the actuary's expected confidence level.

CSURMA would maintain its same contract with Sedgwick for claims administration. There would be no perceptible difference in claims handling. CSAC EIA does offer a primary program but it doesn't work for CSURMA because it requires CSURMA to use CSAC EIA's claims administrator. CSAC EIA designed a primary program just for CSURMA which utilizes an aggregate stop loss layer of \$125,000 per accident with an annual aggregate stop loss of \$12,650,000. \$12,000,000 will be collected for the aggregate stop loss layer. Above the aggregate stop loss layer, the traditional JPA program is offered. Excess of the CSAC EIA layer, coverage with Safety National will be maintained for both the campus and AORMA programs. CSAC EIA will hold \$12,000,000 to pay claims in the aggregate layer. AmTrust pays excess of the aggregate stop loss.

CSAC EIA’s cost for risk transfer for an eighteen month period is \$39,822,000. This is approximately \$1,100,000 less than funding at an expected confidence level and \$4,000,000 less than funding at a 70% (and 80% for AORMA) confidence level.

After the first eighteen month period, CSAC EIA will use a sliding scale based on seven or eight years of loss experience to calculate future costs. If losses have change up or down 10%, then everyone agrees the premium would renew at the actual percentage. If the losses change between 10% and 20%, then the costs are negotiated separately. Above 20%, all bets are off. At the next renewal date, the losses would be reviewed and costs would be negotiated.

The counties retain general control of the CSAC EIA board. Every county maintains a seat. In addition to the country seats, there are 10 to 12 seats available for public entities. These seats are established through election not appointment.

It was noted that the numbers in the CSAC EIA EWC proposal don’t seem to match the recommended funding as previously reviewed. This will be reviewed, and corrected, prior to the October meeting. The inconsistency may be because CSURMA adopts its undiscounted funding rather than discounted.

The committee did not take action on the CSAC EIA proposal, but did ask to revisit the proposal at the October meeting.

A motion was made to recommend approval to the CSURMA board of directors the FY 15/16 undiscounted program funding as follows:

Liability.....	\$13,511,845
Workers’ Compensation .....	\$37,744,985
IDL NDI UI.....	\$13,500,000
Property.....	\$9,000,000
AIME .....	\$3,477,749
Auto Liability.....	\$688,468
 Total .....	 \$77,023,047

**MOTION:** Frank Mumford

**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			

Cynthia Teniente-Matson	<b>X</b>			
Michael Thorpe	<b>X</b>			

**MOTION CARRIED**

**D11. Evaluation of Potential Campus Risk Pool Dividends and Assessments**

Rob noted that the executive committee evaluates and approves dividends and assessments for the Campus Risk Pools. 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.

Pursuant to proposed Policy and Procedure No. 14, staff is recommending that the committee approve the dividends noted below.

<b>Program</b>	<b>FY 13/14 Dividend (Assessment)</b>	<b>FY 14/15 Dividend (Assessment)</b>
Liability	\$7,097,512	\$8,677,518
Workers' Compensation	0	0
IDL/NDI/UI	0	0
<b>Total</b>	<b>\$7,097,512</b>	<b>\$8,677,518</b>

Rob explained that CSURMA adopted three ratios which are used 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, the workers' compensation program and the IDL/NDL/UI programs do not have enough surplus to recommend a dividend. Within the liability program, there is an opportunity to release a dividend.

Historically, CSURMA returns 50% of the maximum dividend available. Distribution is based on each member's historical premium paid into the program. Member's losses have no effect on the dividends. Dividends wouldn't be available if the pool didn't exist, so all members benefit equally, regardless of their loss experience.

A motion was made to recommend to the CSURMA Board of Directors a liability program dividend in the amount of \$8,677,518.

**MOTION:** Mike Lee

**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			
Cynthia Teniente-Matson	X			
Michael Thorpe	X			

**MOTION CARRIED**

**D12. Development of Insured Program Claims Policy and Procedure**

Daniel noted that CSURMA has developed claims processing policy and procedure documents for AORMA’s self-insured programs. These policy and procedure’s go beyond the coverage documents to describe such things as:

- Claim Reporting
- Roles and responsibilities
- Handling of disputes

For insured programs, we have followed traditional insurance industry practices and resolved complex matters on a case by case basis. The recent property claim at San Francisco State University highlighted the potential benefit to adopting a policy and procedure for insured programs so that stakeholders would have a reference point as needed. Staff’s concept is that the policy and procedure could be framed broadly so that it would apply to all of the insured programs, with claims particulars fitting within the policy and procedure parameters.

It is recommended that the Executive Committee direct staff on the development of a policy and procedure to address claim processing of all insured programs.

Staff was directed to create a global generic policy and procedure to address claims handling.

**D13. CSURMA Website Update**

Melissa Diaz gave a brief demonstration of the revised layout of the CSURMA website. The changes are intended to make locating documents easier. The international travel form will also reside on the website and the information will feed into the travel tracking system.

**D14. CSURMA Support of Systemwide Efforts Related to Mitigation of Concussive Injuries**

Zach let the committee know that the Chancellor's Office has begun a process of supporting efforts at mitigation of concussive injuries in the University's athletic programs and club sports. An inventory of programs was conducted. Dr. Ortega from HSU, completed a concussive needs assessment. He received 100% participation from campuses and he was able to provide a comprehensive report. Intercollegiate sports is doing well. Club sports needs some help. The report included a section about concussive management within club sports.

Dr. Ortega is working on the development of regional or campus workshops and he will speak at Fitting the Pieces Together. Development of best practices webinars and learning management modules are also being considered. CSU might also consider the development of a concussive management policy. It was noted that the Campus VP's should be contacted directly, not through email.

A meeting with CSU's lead excess liability underwriters has been arranged at California State University, Fresno, on Friday, October 3, 2014. It will include discussion of CSU's practices, meetings with CSUF Athletic Department representatives and attendance at an athletic event with CSU officials.

Zach will bring to the October meeting a rollout plan that will include expenditures. He also noted that the Club Sports manual had been updated.

#### **D15. CSURMA Administration Service Team Assignments and Addition**

Daniel let the committee know that Melissa Diaz has joined the CSURMA service team. Melissa will work with Mimi on assigned AORMA projects and focus on member communications and outreach. She has also been assigned the task of revamping the CSURMA website. The CSURMA administrative service team has been consolidated so that all the meeting planning, agenda coordination, and operational compliance, can be led by Mimi Long and Tevea Him. Myron Leavell will continue to support the board tablet administration and will support administration of the CSURMA website as required.

#### **D16. Changes to CSURMA Cyber Coverage Program**

Changes to the cyber coverage program were discussed earlier in the meeting. The committee reiterated the need to bring the breach response information to the board in order to create awareness. The breach response presentation will also be brought to CABO, the Information Security Officers, via William Perry, the Provost Counsel and the Campus Presidents.

Direction was given to staff to create a bulletin which includes the core information for distribution to all the CSURMA and AORMA members

#### **D17. Delegation of Authority to Negotiate Extension of iVOS Services Agreement**

Zach let the committee know that the current term of the software agreement with iVOS for the Campus Liability Risk Pool claims management needs to be extended. This software is utilized

by the Office of Systemwide Risk Management to administer Campus Risk Pool Liability claims. Authorized campus personnel have access to the system for their campus' claims data.

Zach noted that the renewal proposal received from iVOS included a 10% increase. The last increase received was 5%.

A motion was made to delegate authority to CSURMA Secretary-Auditor to negotiate a one year extension, with the ability to increase it to a three extension.

**MOTION:** Frank Mumford

**SECOND:** Mike Thorpe

NAME	AYE	ABSTAIN	NAY	ABSENT
Cynthia Teniente-Matson	X			
Frank Mumford	X			
George Ashkar	X			
Linda Hawk	X			
Lisa Chavez	X			
Lori Gentles	X			
Michael Thorpe	X			
Ming Tung (Mike) Lee	X			
Robert de Wit	X			

**MOTION CARRIED**

**E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS**

**E1. AORMA Programs Update**

Robert de Wit provided an update of the activities within the AORMA Committee. Mark Day, the Executive Director of the Santos Manuel Student Union, CSU San Bernardino, joined the AORMA Committee for his first two-year term. AORMA finalized its five risk management session for the AOA Conference. AORMA will create a reciprocal policy with the AOA. Staff will continue with the campus visits. The scope of services within the Alliant Loss Control Consulting was reviewed. The mandatory EPL deductibles were reviewed and will be approved by the Programs Committee at its December meeting. The actuary presented the results of the actuarial reviews. The committee approved dividends from both the liability and workers' compensation programs. The total FY 15/16 funding was approved for all of the programs with a pooled layer. Jacki Graf presented the results of the workers' compensation claims administration audit. The overall audit score was 86% up from 80%. The committee also discussed increasing the maximum allowable hourly fee for legal counsel, but ultimately decided to keep the maximum rate at \$225. The policy and procedure review schedule was approved. It was decided that the six free registrations to the AOA conference would go to Zach Gifford and Robert Eaton and the four AORMA officers. AORMA also received a proposal from Richard Bromley to provide AORMA's entire EPL legal defense. The proposal was not approved.

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

There were no items to be discussed in closed session.

**G. INFORMATION ITEMS**

**G1. Review of FY 2014/2015 Long Range Planning Goals**

The committee reviewed the 2014/2015 Long Range Planning plan. Daniel noted that the LRP-6 Unmanned Aerial Vehicles coverage was bound with a \$20,000,000 limit. Rockets are not considered drones and are excluded on the liability program. The committee discussed the recent CSULA rocket accident. Daniel stated that staff would be working on procuring coverage for rockets. Underwriters do not like rockets, so coverage, if any, will be limited.

**G2. Listing of CSURMA Policies and Procedures**

The committee reviewed the CSURMA policies and procedures review schedule. There was no discussion.

**G3. CSURMA Administrative Service Calendar**

The committee reviewed the CSURMA Administrative Service Calendar. Daniel noted that the stewardship report is shown in the month of September, but historically the report is started in September and completed in time for the October meetings.

**G4. CSURMA Executive Committee & Staff Contact List**

Cindy asked the committee members to review the committee listing for accuracy and to contact Tevea Him with any changes.

**G5. CAJPA Fall Conference and Training Seminar**

Daniel noted that the brochure for 2014 CAJPA Fall Conference and Training Seminar is included for the committee's review in case a member is interested in attending for professional development.

**H. ADJOURNMENT**

A motion was made to adjourn the meeting at 12:51 PM.

**MOTION:** Mike Lee

**SECOND:** Linda Hawk