

**MINUTES OF THE CSURMA
BOARD OF DIRECTORS MEETING
MAY 10, 2013
LONG BEACH, CALIFORNIA**

A. CALL TO ORDER

The meeting was called to order at 10:34 a.m. by the Vice Chair, Mary Ann Rodriguez.

A1. Approval of the Agenda

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

MOTION: Guy Dalpe **SECOND:** Brian Nowlin **MOTION CARRIED**

B. PUBLIC COMMENTS

In order to move through the material more efficiently, those participating telephonically have granted their voting authority to those physically in the meeting room. That having been said, the roll call process, including those participating telephonically, was not required.

C. CONSENT CALENDAR

C1. Approval of Minutes – October 26, 2012

C2. Treasurer's Report

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

MOTION: George Ashkar **SECOND:** Michael Thorpe **MOTION CARRIED**

D. GENERAL ADMINISTRATION

D1. Campus Risk Pool Funding Program Funding Status

Daniel Howell reviewed the program funding status with the Board of Directors, which was previously reviewed by the Executive Committee. Daniel directed the Board of Directors' attention to the chart on page 21 of the agenda packet.

The Liability program has an unencumbered reserve of \$5,412,233 projected at June 30, 2013 after declaring dividends; while the Workers' Compensation program has a reserve of \$9,984,824.

Both programs are well-funded at a 70% confidence level.

The Self-Insured Program Funding Policy & Procedure outlines that the University will fund the programs on an accrual basis and if there is a shortfall in the prior year liabilities, it would be recovered on a pay as you go basis over the time of the plan.

A motion was made to accept the Campus Risk Pools Funding Status Report as presented.

MOTION: George Ashkar **SECOND:** Kevin Brady **MOTION CARRIED**

D2. FY 2013/2014 Pooled Program Gross Funding

Rob Leong discussed the comparison year over year chart in the agenda packet on page 22 where the CSURMA programs are looking at a 5.8% decrease for the fiscal year 2013/2014. Rob reviewed the programs as follows:

- General Liability – proposing a 6.2% decrease derived from the number of claims
- Workers’ Compensation – slight decrease of 0.7% and consider the program to be very stable and very well funded
- IDL/NDL/UI – proposing an 11.3% decrease – program trending very well and unemployment has increased tremendously.
- Property – proposing a 12.8% decrease
- AIME – slight reduction at renewal
- Auto Liability (VELSIP) – proposing a 5.1% decrease

Rob Leong reported that the distribution of costs by campus is attached to the agenda and if any campus has any questions, contact Rob Leong.

A motion was made to adopt the recommended funding for FY 2013/2014 Campus Coverage Programs of \$69,700,749 as presented.

MOTION: Michael Thorpe **SECOND:** George Ashkar **MOTION CARRIED**

D3. Recommend Approval of the FY 2013/2014 CSURMA Budget

Rob Leong reviewed the agenda item with the Board of Directors. The major changes to the Campus Programs were discussed in the above agenda item D2. - FY 2013/2014 Pooled Program Gross Funding.

The AORMA Committee separately develops a budget for its coverage programs and is incorporated into the CSURMA operating budget for adoption by the Board of Directors. The major features of the AORMA budget are as follows:

- Total contributions - Projected increase of 10.8%.
- Liability contributions - Projected increase of 3.3% due to actuarial projected claim trend and projected reinsurance premiums.

- Workers' Compensation – 6.4% projected increase in contributions due to actuarial projected claim trend and projected excess insurance premium.
- Property –Projected increase of 16.9% in contribution due to change in total insured values and expected insurance premiums. Premiums are subject to adjustment based on final reported total insured values (TIV) and final negotiated rates.

The proposed budget for FY 2013/14 includes a planned increase of \$620,000 for Loss Control Expenses for on-site training related to Safety of Minors on Campus (\$60,000 shared with AORMA), Theater Risk Management (\$40,000 shared with AORMA), Risk Reduction Funding Grants (\$100,000 Campus only), IT Security Awareness Training (\$20,000 Campus only), and a placeholder for specialized software for International Travel Tracking (\$400,000 Campus only).

Additionally, CSURMA added a new fund in August 2012 for Club Sports Insurance Program for the University's inter-mural, intra-mural & recreational sports.

A motion was made to approve adoption of the budget for FY 2013/14 as presented.

MOTION: Guy Dalpe **SECOND:** George Ashkar **MOTION CARRIED**

D4. Nominating Committee Report and Executive Committee Elections

Mary Ann Rodriguez reviewed this item with the Board of Directors. At its March 21-22, 2013 meetings, the Executive Committee appointed Mary Ann Rodriguez and Tom McCarron to serve as the Nominating Committee for the two seats to be filled; which both have full two years terms. The Nominating Committee proposes the following:

- Seat 1 – Linda Hawk
- Seat 2 – Michael Thorpe

There were no nominations from the floor.

A motion was made to approve the appointment of Linda Hawk and Michael Thorpe to Seat 1 and Seat 2, respectively, for a full two year term.

MOTION: Kirtland Stout **SECOND:** William Thomas **MOTION CARRIED**

D5. Review of Recently Adopted Policies and Procedures

Daniel Howell reviewed this item with the Board of Directors. While the following new or amended Policies and Procedures are in effect, the Board of Directors may wish to take further action to amend and ratify them at the meeting:

- a. CSURMA P&P No. 17 - Travel Reimbursement
- b. AORMA P&P No. A-7 – Travel Reimbursement

- c. AORMA P&P No. L-5 - Guidelines for Extending Liability Coverage to Non-Auxiliary Organizations
- d. AORMA P&P No. A-6 – Risk Reduction Matching Grant Program
- e. CSURMA P&P No. 18 - Board of Directors Participation and Executive Committee Nominations and Elections Process
- f. CSURMA P&P No. 19 - CSURMA Claims Settlement Authority
- g. CSURMA P&P No. 10 – Member Loans (Revised, as presented to the Executive Committee 05.09.13)

A motion was made to ratify the new or amended Policies and Procedures as presented.

MOTION: Frank Mumford **SECOND:** Guy Dalpe **MOTION CARRIED**

D6. CSURMA 2013 & 2014 Meeting Calendars

Daniel Howell reviewed the 2013 Meeting Calendar with the Board. The Board of Directors Meeting originally scheduled for October 25, 2013 has been rescheduled to November 6, 2013 in Sacramento to coincide with the Fitting the Pieces Together Conference.

Additionally, the Executive Committee took action at their last meeting on their September and December meeting dates and direction was provided to the Program Administrators to find reasonably priced lodging for those meetings.

A motion was made to approve the changes to the CSURMA 2013 & 2014 Calendars as presented.

MOTION: Kirtland Stout **SECOND:** Kevin Brady **MOTION CARRIED**

D7. Report on the CSURMA Long Range Planning Goals

Daniel Howell introduced the Long Range Planning process to the Board of Directors and explained that the summary list of items presented today starts as an idea and through the efforts of the Executive Committee and the Program Administrators have been fleshed out for the Board's review.

This year's Long Range Action Plan draft presented eleven (11) items that will be worked by the Executive Committee and Program Administrators this year, as below, reviewed by Daniel Howell:

1. CSURMA Website Enhancements
2. Intramural/Recreational Sports Coverage
3. Student personal Property & Liability Insurance Program
4. Service Animals on Campus
5. Bicycles/Skateboards on Campus
6. Periodic Review of CSURMA Policies & Procedures

7. New Member Orientation for Executive Committee and Board of Directors
8. Theater Risk Management & Safety
9. Minors on Campus
10. Enterprise Risk Management
11. Sponsored Training for Employees

A motion was made to approve the Draft Long Range Action Plan as presented.

MOTION: Kirtland Stout **SECOND:** Lori Gentles **MOTION CARRIED**

E. CLOSED SESSION

There were no items scheduled for closed session.

F. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

F1. AORMA Programs Status Report

Kurt Borsting, Chair of the AORMA Committee reported the following:

- Brent Escubas reviewed AORMA's loss control activities
- Risk Reduction Grant Program
- Binding Authority for renewals
- Website overview
- Auxiliary Visits

Kurt Borsting thanked the Board of Directors for their support and is now passing the baton to Dwayne Brummett.

G. INFORMATION ITEMS

G1. Selection of Workers' Compensation Program TPA

Zachary Gifford reviewed the item with the Board of Directors. He stepped through the Request for Proposal (RFP) process for the selection of a Third Party Administrator (TPA). The Chancellor's Office Department of Procurement assisted staff while a Task Group was formed to review the proposals received and make a final selection. The CSURMA WC RFP Task Group consisted of Jacki Graf, CSURMA WC Consultant; Dwayne Brummett, Associated Students, Cal Poly SLO and AORMA Committee Vice Chair; Lori Gentles, SFSU Human Resources and CSURMA Executive Committee; Michael Thorpe, CSU Chico Risk Manager and CSURMA Executive Committee; and Zachary Gifford, Associate Director, Systemwide Risk Management.

The Task Group ranked all the proposers using the scoring criteria developed with the assistance of the Chancellor's Office Department of Procurement. Five written proposals were received and reviewed by the CSURMA WC RFP Task Group. Two firms,

Sedgwick and York were selected for oral interviews, which were conducted on February 26, 2013. Sedgwick was determined to be the most qualified bidder by the Task Group.

Charlene Minnick commented that although there was no proposed fee increase in the Sedgwick proposal, two additional claims assistants are being added to the account.

G2. CSURMA Vendor Survey

Zachary Gifford reviewed the Vendor Survey process with the Board of Directors. The CSU Office of Risk Management contacted all CSURMA/AORMA members requesting comments on vendor performance. Zachary stepped through the summary report of the Vendor Survey, which included the following service providers:

- A-G Administrators – AIME Claims Administrator
- Alliant – CSURMA Program Administrator
- Alliant – CSURMA Insurance Brokerage/Consulting
- Alliant – Workers’ Compensation Consulting
- Alliant – Property/Crime Claims Consulting
- AON e-Solutions – WC/Liability Claims System Software
- Belfor – Property Loss Mitigation & Restoration
- CSU Office of Risk Management – CSURMA Liability Claims Administrator
- CSU Office of Risk Management – Risk Consulting
- CSU Enterprise Accounting – Accounting Services
- Equifax Workforce Solutions – Unemployment Claims Administrator
- Har-Bro – Property Loss Mitigation & Restoration
- Sedgwick CMS – CSURMA Workers’ Compensation Claims Administrator
- Workplace Answers – Campus Web-based Training

The Vendor Survey Summary showed that the majority of the service providers performed very favorably for the campus and auxiliary members.

G3. CSURMA Student Health Insurance Program

Charlene Minnick reviewed this item with the Board of Directors. Staff was directed to develop a CSURMA sponsored Student Health Insurance Program available to foreign and domestic student populations. Staff has met with various stakeholders including the Student Health Advisory Council (SHAC), Student Health Directors and Deans of Student Affairs.

Issues currently affecting this process are:

- Current providers have withheld underwriting data on the foreign student population
- The domestic student population has an unfavorable risk profile
- Domestic students may become eligible for coverage under the Affordable Care Act on January 1, 2014

- Foreign students will not be eligible for coverage under the Affordable Care Act on January 1, 2014

One of the other issues with the current provider is that some campuses may have inappropriately entered into direct broker relationships with the carrier who has prevented the release of information for those campuses. Charlene is working with the carrier to determine which campuses or auxiliary organizations are individual, direct clients.

G4. Risk Management Innovation Funding Grants

Robert Leong reviewed the new Risk Management Innovation Funding Grants. Staff developed two risk management funding grant programs for the Campus Liability and Campus Workers' Compensation Risk Pools with an initial funding of \$100,000 (\$50,000 each for Safety & Risk Control and Employee Health & Wellness) for Risk Management Innovation Funding Grants is included in the FY 2013/14 operating budget for Campus Liability and Campus Workers' Compensation respectively.

These funds are for safety related items. One member used the funds to help replace an excessively slippery floor. Each member can request reimbursement for up to a total of \$2,000 per fiscal year (7/1-6/30).

G5. CSURMA Executive Committee and Staff Telephone, Postal Address and E-mail List

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

H. PRESENTATIONS

H1. On-line Training & Learning Management Systems

David Kervella and Robin D. Innes provided an update on the On-line training and Learning Management Systems available and touched on the new functionality that is being made available.

Effective June 7, 2013; additional classes of employees (volunteers) will be added to the system and training will be more readily available to them. Campuses will be able to collect automated feedback on training completion but additional programming is needed on the campus side before this is functional.

Learning Management Systems is working with AORMA to create a pilot program.

H2. Insurance Programs Renewals & State of the Insurance Market

Daniel Howell stepped through a PowerPoint presentation on the current state of the Insurance Market. 2012 was a very good year for the insurance industry – until Hurricane

Sandy hit. Daniel remarked that the insurance market is not soft, even for high quality risks with “good” losses with most insureds seeing premium increases and those with losses receiving large increases at this time. CSURMA’s renewal outlook

- Liability – Campus and Auxiliary stable renewal;
- Auxiliary Programs reinsurance Flat renewal;
- Combined Excess Liability 2% increase year over year; also negotiating World-wide territory for jurisdiction and presentment of claims anywhere in the world;
- State Auto Program (VELSIP) rates are down;
- Property rates are hardening with a few claims that have penetrated the excess layer with markets looking for a rate increase across the board;
- Workers’ Compensation Program – Campus - currently has a very favorable two year rate guarantee and in the process of a cancel/rewrite to secure a new two year rate guarantee. AORMA negotiated a 5% increase before presentation of a large claim.
- IDL/NDL/UI – Campus - Trending downward, but is cyclical, AORMA lags slightly behind the campuses
- SPLIP & SAFECLIP – Stable
- FTIP – Increase in premium due to a large loss
- AIME – Program performing very well.

H3. CSURMA Website Re-launch

Myron Leavell presented an overview of the new CSURMA.org website in development. The site is very clear with a menu bar of major sections across the top. Each major section then presented a left hand navigation panel with options for that page. Making a selection then opened a cascading menu system, offering various levels of detail.

It is slated to go live on July 1, 2013. An email will be sent to all current users to make the transition to the new site as the launch gets closer.

I. ADJOURNMENT

The meeting was adjourned at 12:35 p.m.

A motion was made to adjourn the meeting.

MOTION: George Ashkar **SECOND:** Michael Thorpe **MOTION CARRIED**

MEMBERS PRESENT

George Ashkar, CSU Office of the Chancellor
Kurt Borsting, CSU Fullerton, Associated Students, Inc.
Kevin Brady, CSU Los Angeles
Dwayne Brummett, Associated Students, Inc., Cal Poly SLO
Michael Burghart, Humboldt State University
Debbie Burns, CSU, San Bernardino [Audited via Teleconference]
David Carroll, California Polytechnic State University, SLO [Audited via Teleconference]
Guy Dalpe, Cesar Chavez Student Center, San Francisco State University
Robert de Wit, Forty-Niner Shops, Inc., CSU Long Beach
Vineeta Dhillon, California Maritime Academy [Audited via Teleconference]
Valerie Eberle, California State Polytechnic University, Pomona
Lori Gentles, San Francisco State University
Tyson Hill, Sonoma State University [Audited via Teleconference]
Katharine Hullinger, CSU Channel Islands
Lisa Kao, CSU Fresno
Gigi Kiama, University Corporation, CSU Monterey Bay
Keith Kompzi, CSU Fresno, Fresno Association, Inc.
Mark Loftus, San Jose State University [Audited via Teleconference]
Nyassa Love, CSU East Bay [Audited via Teleconference]
Michael Martin, San Francisco State University
Cynthia Matson, CSU Fresno [Audited via Teleconference]
Frank Mumford, CSU Fullerton Auxiliary Services Corporation
Michael A. Neal, CSU Bakersfield [Audited via Teleconference]
Brian Nowlin, CSU Long Beach Foundation
David Prenovost, Cal Poly Pomona Foundation
Jessica Rentto, San Diego State University [Audited via Teleconference]
Mary Ann Rodriquez, CSU Dominguez Hills
Mary Stephens, CSU Long Beach
Kirtland Stout, CSU Sacramento
Sharon Swart-Reiter, California State Polytechnic University, Pomona
Bill Thomas, CSU San Marcos
Michael Thorpe, CSU Chico
Jody Van Leuven, CSU Northridge
Pat Worley, Associated Students, CSU Sacramento [Audited via Teleconference]

MEMBERS ABSENT

Dr. Ed Barnes, California State Polytechnic University, Pomona
William Barrett, CSU Fullerton Auxiliary Services
John Beisner, CSU Fullerton Auxiliary Services
Lawrence Furukawa-Schlereth, Sonoma State University
Kellie Garcia, CSU Bakersfield
Robert Gardner, CSU San Bernardino
Marna Genes, CSU San Jose State University
Russell Giambelluca, CSU Stanislaus
John Griffin, The University Corporation, CSU Northridge

Linda Hawk, CSU San Marcos
Nancy Hayes, San Francisco State University
Lorraine Hoffman, CSU Chico
William Kupfer, CSU Channel Islands
Dr. Mike Lee, CSU Sacramento
Kurtis Lohide, California Maritime Academy
Joyce Lopes, Humboldt State University
Tom McCarron, CSU Northridge
Peter Neville, Sonoma State Student Union
Dr. Ben Quillian, CSU Office of the Chancellor
David Ragsdale, California Polytechnic State University
Lenore Reed, CSU Monterey Bay
Sally Roush, San Diego State University
Kevin Saunders, CSU Monterey Bay
Amy Thomas, CSU Stanislaus
Brad Wells, CSU East Bay
Stephanie Williams, CSU Long Beach
Jeff Wood, CSU Dominguez Hills

STAFF, GUESTS AND CONSULTANTS

Kelly Cox, CSU Office of the Chancellor
Zachary Gifford, CSU Office of the Chancellor
Jacki Graf, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services
William Hsu, CSU, Office of General Counsel
Alice Kim, CSU Office of the Chancellor
Myron Leavell, Alliant Insurance Services
Robert Leong, Alliant Insurance Services
Mimi Long, Alliant Insurance Services
Charlene Minnick, CSU, Office of the Chancellor
Rebecca Skidmore, CSU, Office of the Chancellor