



# **Campus Programs Rating Plans Task Group Report**

*Final Report*

**November 2, 2016**

---



## **TABLE OF CONTENTS**

### **I. EXECUTIVE SUMMARY**

- A. Introduction
- B. Campus Programs Rating Plans Task Group Members (RPTG)

### **II. BACKGROUND**

- A. Purpose
- B. Meetings
- C. Rating Plans Philosophy
- D. Fiscal Impact

### **III. FINDINGS**

- A. Pooled Programs Funding Status
- B. Target Equity/Projected Dividends
- C. Overall Review

### **IV. RECOMMENDATIONS**

- A. Funding Policy
- B. Rating Plans
  - 1. Workers' Compensation
  - 2. General, Professional, Employment Practices Liability
  - 3. Property, Boiler & Machinery
  - 4. Industrial Disability Leave, Non-Industrial Disability Insurance, Unemployment Insurance (IDL/NDI/UI)
  - 5. Automobile Liability
  - 6. Athletic Injury Medical Expense (AIME)
  - 7. Foreign Travel Insurance Program (FTIP)
- C. Financial Statements – Management Discussion and Analysis

### **V. GENERAL RECOMMENDATION**

### **VI. CONCLUSION**

### **APPENDICES:**

- A. Campus Programs RPTG Project Timetable
- B. CSURMA Program Funding Policy (Policy & Procedure No. 7 - JPA)
- C. Pooled Programs Funding Status at June 30, 2016
- D. Target Equity at June 30, 2016
- E. RPTG Meeting Agenda - July 14, 2016, August 9, 2016
- F. Cost Impact of Recommended Modifications to the Rating Plans (Liability)



## **I. EXECUTIVE SUMMARY**

### **A. Introduction**

The Executive Committee established the Rating Plans Task Group (RPTG) to review and evaluate CSURMA's current rating plans and funding policies for the campus coverage programs, and to present its findings and recommendations to the Executive Committee at its meeting on September 23, 2016.

The RPTG's recommendations for amendments to the rating plans and funding policies are to be used for calculating the annual contributions for each campus for FY 2017/18, FY 2018/19 and FY 2019/20. As a matter of information, the RPTG's findings and recommendations may be presented to the CSU Chief Administrators & Business Officers (CABO) in Fall 2016, and will be presented to the CSURMA Board of Directors for adoption at its meeting on November 2, 2016.

The RPTG was directed to evaluate the rating plans for the following coverage programs:

1. Workers' Compensation
2. General Liability, Errors & Omissions Liability, Employment Practices Liability
3. Property, Boiler & Machinery
4. Industrial Disability Leave, Non-Industrial Disability Insurance, Unemployment Insurance (IDL/NDI/UI)
5. Automobile Liability
6. Athletic Injury Medical Expense (AIME)
7. Foreign Travel Insurance Program (FTIP)

The RPTG did not review the rating plans of the Auxiliary Organizations Risk Management Alliance (AORMA) because responsibility for AORMA's programs have been delegated to the AORMA Committee, who develop rating plans for AORMA coverage programs.



## **B. Campus Programs Rating Plans Task Group Members (RPTG)**

### **1. The 2016 RPTG consisted of:**

- *Kevin Saunders, Vice President Administration & Finance ( RPTG Chair)  
CSU, Monterey Bay; CSURMA Executive Committee Member*
- *Lisa Chavez, Vice President Administration / CFO  
CSU, Los Angeles; CSURMA Executive Committee Member*
- *Robert Eaton, Asst Vice Chancellor, Financing, Treasury & Risk Mgmt  
CSU, Office of the Chancellor; CSURMA Treasurer*
- *Mike Lee, Interim Provost and Vice President  
CSU, Sacramento; CSURMA Executive Committee Member*

### **2. The 2016 RPTG was supported by:**

- *Zachary Gifford, Director, Systemwide Risk Management  
CSU, Office of the Chancellor; CSURMA Secretary-Auditor*

### **3. The 2016 RPTG was staffed by:**

- *Daniel J. Howell, Senior Executive Vice President  
CSURMA Program Director  
Alliant Insurance Services*
- *Robert Leong, First Vice President  
CSURMA Program Administrator  
Alliant Insurance Services*
- *Mimi Long, Vice President  
CSURMA Program Administrator  
Alliant Insurance Services*

## **II. BACKGROUND**

### **A. Purpose**

The RPTG was tasked with a thorough review of the rating plans and funding policies for the following campus coverage programs:

1. Workers' Compensation
2. General Liability, Errors & Omissions Liability, Employment Practices Liability
3. Property, Boiler & Machinery
4. Industrial Disability Leave, Non-Industrial Disability Insurance, Unemployment Insurance (IDL/NDI/UI)
5. Automobile Liability
6. Athletic Injury Medical Expense (AIME)
7. Foreign Travel Insurance Program (FTIP)

The current rating plans used by CSURMA were developed and adopted in 1994, and reviewed and modified in 1998, 2001, 2004, 2007, 2010, and 2013.

It had been agreed following the last rating plan review that the rating plans would be reviewed again in 2016. A review is appropriate at this time because campuses are eligible to change their Liability program deductibles every three years. The next deductible selection opportunity will be effective July 1, 2017.

### **B. Meetings**

The RPTG held two meetings. The initial meeting was held on July 14, 2016 at the CSU Office of the Chancellor. This meeting focused on reviewing the current rating plans and developing alternatives for further consideration by the task group. A second meeting was held on August 9, 2016 via a webinar. The second meeting followed up with a review of the impact of the suggested changes to the rating plans, and finalized the RPTG's recommendations.

### **C. Rating Plans Philosophy**

At its meeting on July 14, 2016, the RPTG reaffirmed the goal of the CSURMA rating plans to balance campus accountability for performance with the need for rate stability. Accountability is needed to encourage campus loss control efforts. Rate Stability is a goal so that campuses can project annual costs for budget



California State University Risk Management Authority

preparation and management purposes. Overall, the rating plans should fairly allocate the costs of the programs to the campuses.

#### **D. Fiscal Impact**

The RPTG's findings and recommendations *will not affect aggregate funding* of the campus coverage programs. Aggregate funding is based on an independent actuarial analysis, which develops cost projections for the General/Errors & Omissions Liability, Workers' Compensation and Athletic Injury Medical Expense programs. Aggregate funding for the other coverage programs are based on actual expenditures for retained layers, insurance and claims.

These projections, along with the funding policy adopted by the Board of Directors, are then reviewed annually by the Executive Committee, presented to the Chief Administrative & Business Officers (CABO), and referred to the Board of Directors with a recommendation for the Board to adopt the proposed changes.

The RPTG's recommendations, however, *will affect how that aggregate funding is shared among the campuses*. The rating plans define how the costs for each coverage program are allocated to each campus.

### **III. FINDINGS**

#### **A. Pooled Programs Funding Status**

At its March 11, 2016 Long Range Planning meeting, the Executive Committee reviewed the funding status for the Workers' Compensation and Liability risk pools. The review was based on the interim financial statements as of December 31, 2015 prepared by CSURMA Accounting, and projected to fiscal year ending June 30, 2016 by the Program Administrator.

The Executive Committee found the fund balance projected to June 30, 2016 exceeded the amount necessary for funding at the 70% actuarial confidence. CSURMA's funding policy is to fund the programs at the actuary's expected loss level, which ranges between 50%-55% confidence, depending on the specific coverage program.

The Executive Committee determined a final review of the risk pools' funding status shall be made upon the audited financial statements at June 30, 2016 and updated actuarial projections, at which time a dividend may be declared. The final review is to include the independent actuarial studies completed for valuation of the estimated outstanding claim liabilities at June 30, 2016, and expected recoveries from reinsurance and member deductibles.

#### **B. Overall Review**

The RPTG found that the current rating plans are fair and achieve program objectives. The RPTG proposed certain refinements to the Workers' Compensation, Liability, and Property programs as detailed below.

It should be noted that the rating plans were developed in 1994 and reviewed in 1998, 2001, 2004, 2007, 2010, and 2013. The RPTG recommended modifications in 1998, 2001, 2004, and 2013, which were approved by the Executive Committee and adopted by the Board of Directors. No modifications to the rating plans were recommended in the 2007 nor 2010 reviews.

As the CSURMA coverage programs gain additional experience, it is expected that the rating plans will be reviewed again in the future so that they will continue to achieve the goals of the California State University.

#### **IV. RECOMMENDATIONS**

##### **A. FUNDING POLICY**

- FP-1.** The RPTG finds the goals of the CSURMA Policy & Procedure No. 7 “Self-Insured Program Funding” have been achieved. Upon review of the funding policy, no changes are recommended at this time.
- FP-2.** The RPTG recommends the funding for future program years be continued in accordance with Policy & Procedure No. 7.

##### **B. RATING PLANS**

###### **1. WORKERS’ COMPENSATION**

- WC-1** The RPTG recommends combining Projected Paid Losses and Projected Outstanding Claims Liabilities to become Projected Incurred Losses for claims occurring during the upcoming fiscal year.
- WC-2** The RPTG recommends deleting from the calculation worksheets currently unused rating elements and relabeling certain column headers to provide clarity of the rating methodology.

###### **2. GENERAL LIABILITY, ERRORS & OMISSIONS LIABILITY, EMPLOYMENT PRACTICES LIABILITY (LIABILITY)**

- L-1** The RPTG recommends combining Projected Paid Losses and Projected Outstanding Claims Liabilities to become Projected Incurred Losses for claims occurring during the upcoming fiscal year.
- L-2** The RPTG recommends adjusting Liability Deductible Credit Factors per the actuary’s recommendation dated August 25, 2016. The RPTG reaffirms self-supporting funds continue to have a \$35,000 deductible regardless of the deductible selected by the campuses. The effect of the new deductible credit factors would increase FY 2017/18 Liability program funding by \$1,122,013 (+7.75%) at present campus deductible selections.
- L-3** The RPTG recommends adjusting Liability Experience Modification Creditability Factors per the actuary’s recommendation dated September 6, 2016. The recommendation replaces the Credibility

Factors Table with an algorithm that assigns 90% credibility to the largest campus (defined by total annual payroll), then scaling all other campuses down relative to this maximum. The effect of the credibility algorithm reduces loss funding by \$30,390 (-0.21%). The creditability factors serve to adjust for statistical deviations resulting from variations in campus size, which is defined by total campus payroll for rating purposes.

- L-4** The RPTG recommends deleting from the calculation worksheets currently unused rating elements and relabeling certain column headers to provide clarity of the rating methodology.
  
- L-5** The central fund used by the Chancellor's Office to pay SPWB-funded facility expenses has been dissolved. Thus, premium deposits for bond-funded facilities are no longer payable by the central fund, but are chargeable to the respective campuses. Staff was instructed to eliminate "Systemwide" from the calculations, thereby reallocating premium deposits to the campuses beginning with FY 2017/18. A memo from the EVC/CFO, Steve Relyea, announcing the change and the need for campuses to plan accordingly will be drafted for the Chief Administrators and Business Officers (CABO) for its next meeting on September 9, 2016.

### **3. PROPERTY, BOILER & MACHINERY**

- P-1** The RPTG discussed the addition of an Experience Modification factor to the Property program cost allocation formula, and recommends against implementation at this time. The relative loss rate of campuses should be monitored by the Systemwide Risk Management and acted upon in the future as the Executive Committee deems appropriate.
  
- P-3** Other than implementation of P-1 above, the RPTG recommends maintaining the current rating plan with no modification.
  
- P-3** As in Recommendation L-5 above, the central fund used by the Chancellor's Office to pay SPWB-funded facility expenses has been dissolved. Thus, premium deposits for bond-funded facilities are no longer payable by the central fund, but are chargeable to the respective campuses. Staff was instructed to eliminate "Systemwide" from the calculations, thereby reallocating premium deposits to the campuses beginning with FY 2017/18. A memo from the EVC/CFO, Steve



Relyea, announcing the change and the need for campuses to plan accordingly will be drafted for the Chief Administrators and Business Officers (CABO) for its next meeting on September 9, 2016.

**4. INDUSTRIAL DISABILITY LEAVE, NONINDUSTRIAL DISABILITY INSURANCE, UNEMPLOYMENT INSURANCE (IDL/NDI/UI)**

**IDL-1** IDL/NDI/UI funding is a “banking plan” wherein campuses pay a proportionate share of total costs based on a five year rolling average of actual expenditures per campus as a percentage of total expenditures for the group. The RPTG recommends maintaining the current rating plan with no modification.

**5. AUTOMOBILE LIABILITY**

**AL-1** The State Motor Vehicle Insurance Account (SMVIA) annual allocation to the State University is included in CSURMA’s program costs, and is based on vehicle count reports tabulated by the Department of General Services (DGS) and rates established by the Office of Risk & Insurance Management (ORIM). Since the MVIA allocation is issued after CSURMA has completed deposit calculations for the upcoming year, the Automobile Liability deposit calculation is based on MVIA’s prior year’s allocation; i.e., CSURMA rates are one year in arrears.

**AL-2.** The RPTG discussed the practicality of inserting a loss modifier to the rates, however this was deemed unnecessary since the result would not have a material impact on individual campus cost.

**AL-3** The RPTG recommends maintaining the current rating plan with no modification.

**6. ATHLETIC INJURY MEDICAL EXPENSE (AIME)**

**AI-1** The RPTG recommends to continue the delegation of authority for the AIME Committee to develop and manage the AIME risk pool rating plan.

**7. FOREIGN TRAVEL INSURANCE PROGRAM (FTIP) – International Programs**

**IP-1** CSU International Programs (CSU IP) is managed by International Programs in the Chancellor’s Office offering students a full year to Study Abroad. CSU IP tuition fees remain the same as CSU tuition fees and campus-based fees. CSURMA has been subsidizing the Foreign Travel Insurance Program (FTIP) for CSU IP under a plan for CSU IP to increase insurance rates over time to be self-supporting. CSU IP, however, has not been able to increase rates sufficiently due to unexpected claims experience and volume of usage of the travel assist benefit. RPTG recommends a review of CSU IP funding resources and continue communications with the IP Director to develop and implement a strategy for CSU IP to be self-supporting as respects FTIP.

**C. AUDITED FINANCIAL STATEMENTS**

**FS-1** The RPTG believes it appropriate and useful for CSURMA’s Board of Directors and other interested parties to include Management’s Discussion and Analysis (MD&A) in the audited financial statements and will make a recommendation to the CSURMA Executive Committee to include an MD&A beginning with the audited annual financial statements for FY 2015/16.

**V. GENERAL RECOMMENDATION**

**G-1** The RPTG recommends that a comprehensive review of the rating plans be initiated in 2019 so that appropriate changes can be considered before adoption of the rates for FY 2020/21.

**VI. CONCLUSIONS**

The RPTG’s evaluation of the rating plans has reaffirmed the plans’ core appropriateness and effectiveness in determining each campus’ fair share of the CSU’s cost of risk. The recommended changes refine the existing rating plans to the benefit of the campuses in the long run. To the extent aggregate funding levels remain stable, it is expected that campuses will not see significant cost fluctuations except to the extent their own loss experience impacts their cost.



**Appendix A**

**CAMPUS RISK POOLS RATING PLANS TASK GROUP  
Project Timetable**

<b>DATE</b>	<b>GROUP</b>	<b>ACTIVITY</b>
July 2016	Independent Actuary	Calculate outstanding claims liabilities and develop risk pool funding recommendations for FY 2017/18.
July 14, 2016	Rating Plans Task Group	Review current rating plans. Develop alternatives for further review.
July-August 2016	Program Administrator	Perform calculations based on RPTG findings and recommendations.
August 9, 2016	Rating Plans Task Group	Review staff calculations with suggested rating plan modifications. Finalize recommendations.
August 2016	Program Administrator	Draft preliminary RPTG Report.
September 23, 2016	Executive Committee	Review RPTG Report. Take action as needed to recommend rating plan modifications to the Board of Directors for adoption.
September 23, 2016	Executive Committee	Review actuarial reports and staff calculations of proposed FY 2017/18 rates and deposit contributions.
Oct 12 or Nov 17, 2016	CABO	Presentation to CABO as necessary of proposed changes to rating plans and FY 2017/18 funding.
November 2, 2016	Board of Directors	Review RPTG Report and Executive Committee recommendation. Take action as needed to adopt changes to rating plans.
November 2, 2016	Board of Directors	Adopt campus risk pools funding and rates for FY 2017/18.
November 2016	Program Administrator	Develop campus costs for Liability Deductible options.
November 2016	Program Administrator	Calculate preliminary 2017/18 campus contributions, deductible options, cost analysis.



California State University Risk Management Authority

<b>DATE</b>	<b>GROUP</b>	<b>ACTIVITY</b>
December 2016	Program Administrator	Notices to campuses of FY 2017/18 costs, including Liability Deductible options.
July 1, 2017	CSURMA Accounting	Adopted rating plans become effective, campuses invoiced by CSURMA.



## **Appendix B**

### **CSURMA POLICY & PROCEDURE No. 7**

**EFFECTIVE:** JANUARY 1, 2000

**SUBJECT:** SELF-INSURED PROGRAM FUNDING

---

#### **ISSUE:**

The CSURMA operate various self-insured coverage programs. Generally, these programs include a primary layer of pooling, with excess and reinsurance coverage. Each program is responsible for all costs generated by that program, as well as a proportionate share of the JPA's general administrative costs. It is important that each self-insured program be properly funded to satisfy its liabilities. This policy and procedure continues the policy adopted by the CSURMA Board of Directors on April 24, 1997.

#### **POLICY STATEMENT:**

It is the policy of the CSURMA that each self-insured program shall establish budgets with a goal of full funding, including a reasonable risk margin. Such funding shall be determined by the Executive Committee as a part of each year's annual budget based upon the recommendations of a professional actuary and staff.

#### **PROCEDURE:**

CSURMA staff is responsible for developing draft budgets for each of the self-insured programs for each fiscal year. As a part of the budget development, staff will work with the CSU and its actuary to determine projected liabilities for the CSURMA's self-insured programs. The actuary's reports shall be used by staff and the Executive Committee to develop recommended rates and funding for each self-insured program.

It is the policy of the CSURMA to fund fully the self-insured programs. CSURMA recognizes that its self-insured programs are transitioning from a cash funding basis to an accrual funding basis. Adopted funding shall facilitate this transition by including sufficient funds projected to pay the following cost elements:

- Administrative expenses shall be funded on a cash basis for each program year;
- Prior year cash deficits (if any) shall be funded on a cash basis;



California State University Risk Management Authority

- Prior years' claims payable shall be funded on a cash basis to the extent accrued reserves do not amount to full funding;
- Current year expected liabilities shall be funded on an accrual (incurred) basis; and
- At such time as all outstanding liabilities are fully funded, a reasonable risk margin shall be funded.

Staff and the actuary shall perform the calculations needed to establish the funding elements described above. It is expected that all outstanding liabilities will be fully funded by July 1, 2009 and staff shall make an annual report to the Board of Directors, detailing the self-insurance programs' progress toward achieving this funding policy.



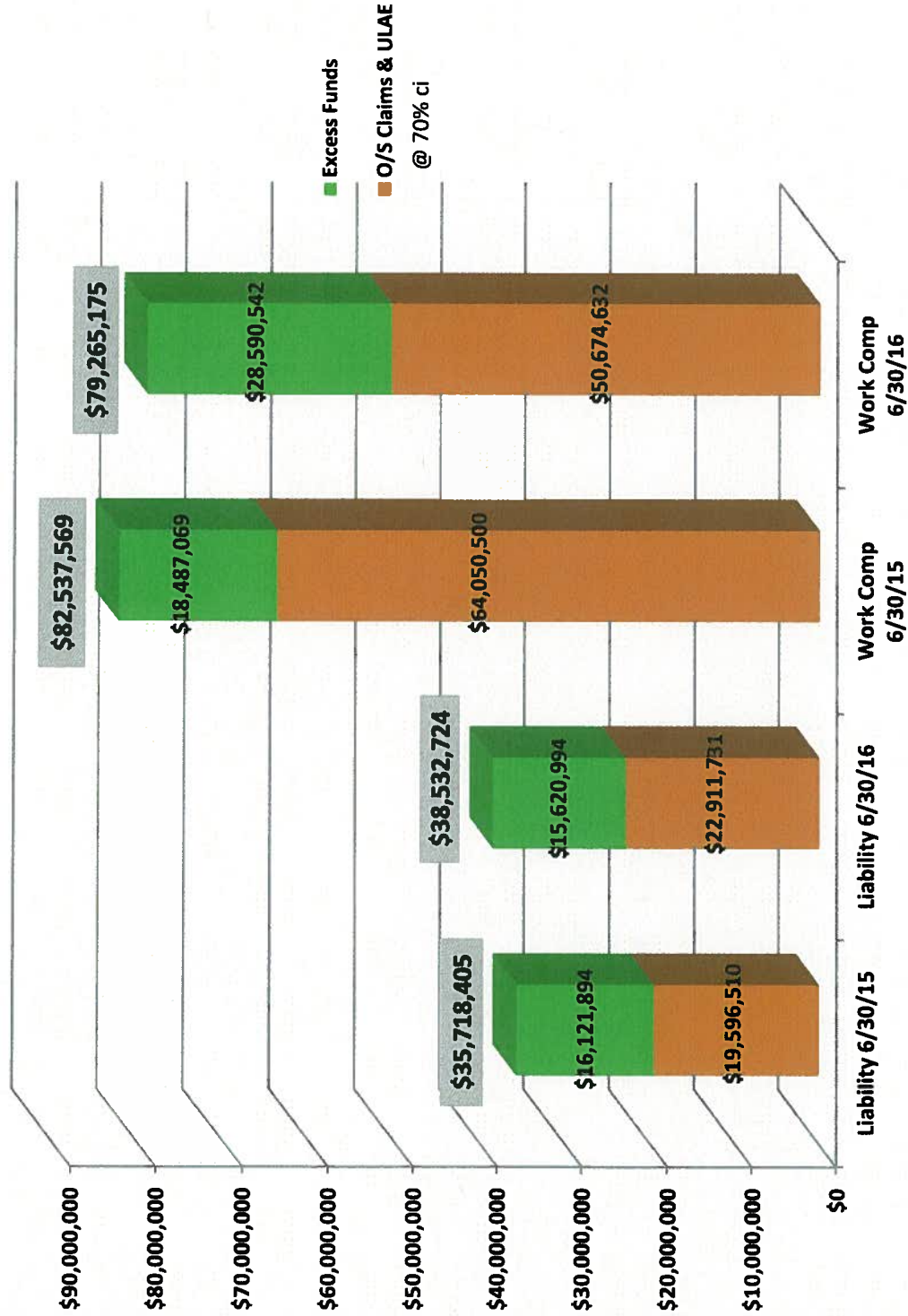
## **Appendix C**

### **Pooled Programs Funding Status at June 30, 2016**

- **Campus Liability Coverage Fund**
- **Campus Workers' Compensation Coverage Fund**
- **Athletic Injury Medical Expense Fund**

## Campus Risk Pools

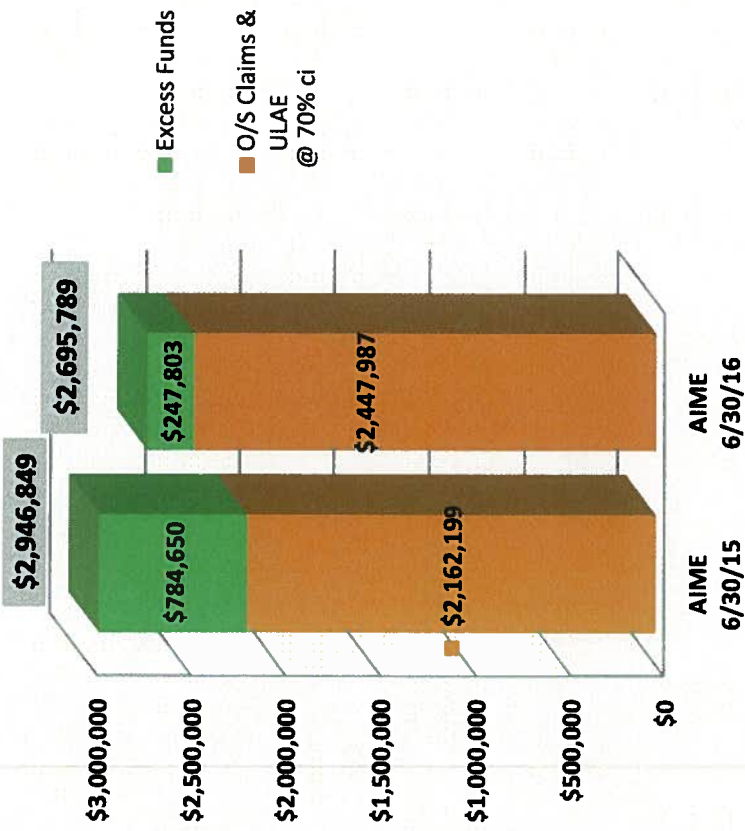
### Estimated Funding Projected to FYE 2016 (undiscounted)



# Athletic Injury Medical Expense

## Estimated Funding Projected to FYE 2016

(undiscounted)





## **Appendix D**

### **Target Equity at June 30, 2016**

- **Campus Liability Coverage Fund**
  - **Campus Workers' Compensation Coverage Fund**
  - **Athletic Injury Medical Expense Fund**
-

**Campus Liability Coverage Fund**  
**Target Surplus Funding Analysis at \$5,000,000 SIR**  
*as of 6/30/16 (unaudited)*

Gross Premium (FY 16/17):	\$14,240,860
Maximum Retention:	\$5,000,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$19,201,115 <i>Expected, Undiscounted, Net of Deductibles</i>
<b>Est. Outstanding Liabilities @ 6/30/16</b>	<b>\$21,313,238 <i>at 70% Confidence</i></b>
Est. Fund Balance @ 6/30/16	\$38,532,724
Est. Funded Loss & ULAE @ 6/30/16	\$22,378,900 <i>at 70% Confidence</i>
<b>Est. Funding above 70% Conf Level:</b>	<b>\$16,153,824</b>

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$4,746,953	0.37
<b>Surplus to Retention</b>	<b>&gt; 1:1</b>	<b>\$5,000,000</b>	<b>7.71</b>
O/S Reserve to Surplus	≤ 5:1	\$3,840,223	0.50

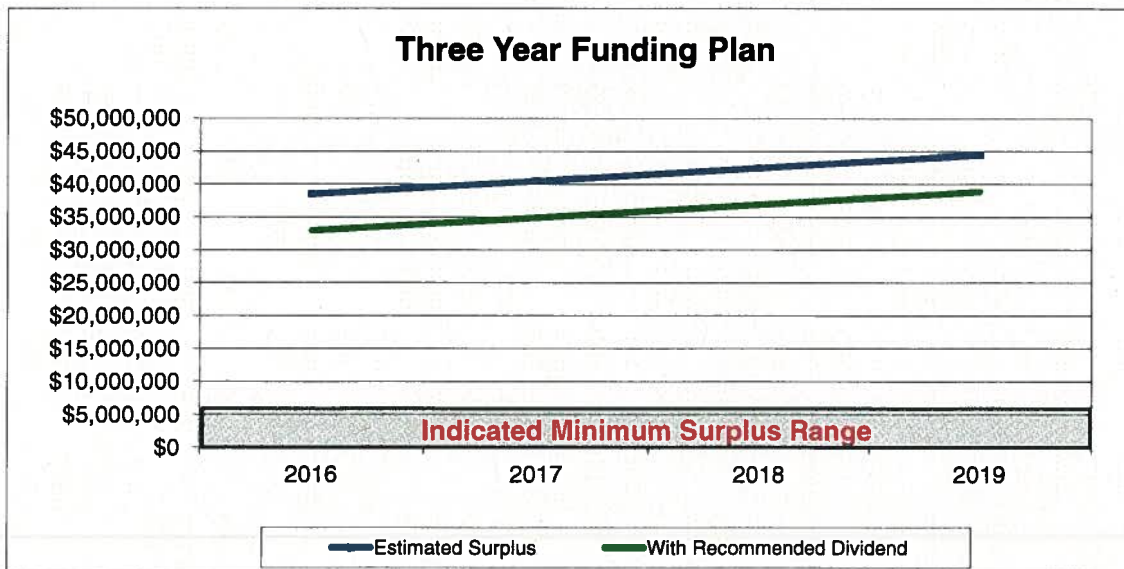
<b>Maximum Dividend Available:</b>	<b>\$11,153,824</b>
<b>Recommended Dividend 50%:</b>	<b>\$5,576,912</b>

**2015/16 Pool Funding Options**

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	1.000	\$13,196,700	-
at 70% Actuarial Confidence	1.150	\$15,176,205	\$1,979,505

**Three Year Funding Plan**

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/16	N/A	\$38,532,724	\$32,955,812
2016/17 - Collection @ 70% CL	\$1,979,505	\$40,512,229	\$34,935,317
2017/18 - Collection @ 70% CL	\$1,979,505	\$42,491,734	\$36,914,822
2018/19 - Collection @ 70% CL	\$1,979,505	\$44,471,239	\$38,894,327



**Campus Workers' Compensation Coverage Fund**  
**Target Surplus Funding Analysis at \$2,500,000 SIR**  
*as of 6/30/16 (unaudited)*

Gross Premium (FY 16/17):	\$37,823,215
Maximum Retention:	\$2,500,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$46,185,411 <i>Expected, Undiscounted</i>
<b>Est. Outstanding Liabilities @ 6/30/16</b>	<b>\$48,032,827 <i>at 70% Confidence</i></b>
Est. Fund Balance @ 6/30/16	\$79,265,175
Est. Funded Loss & ULAE @ 6/30/16	\$50,434,468 <i>at 70% Confidence</i>
<b>Est. Funding above 70% Conf Level:</b>	<b>\$28,830,707</b>

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$12,607,738	0.48
Surplus to Retention	> 2:1	\$5,000,000	31.71
O/S Reserve to Surplus	≤ 5:1	\$9,237,082	0.58

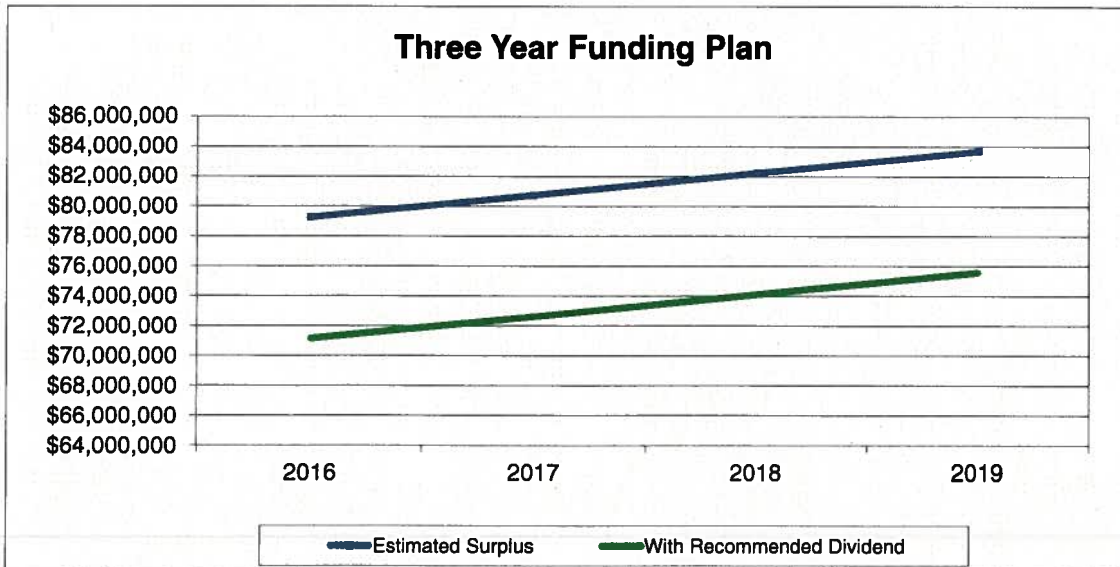
<b>Maximum Dividend Available:</b>	<b>\$16,222,968</b>
<b>Recommended Dividend 50%:</b>	<b>\$8,111,484</b>

**2015/16 Pool Funding Options**

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	1.000	\$29,505,525	-
at 70% Actuarial Confidence	1.050	\$30,980,801	\$1,475,276

**Three Year Funding Plan**

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/16	N/A	\$79,265,175	\$71,153,691
2016/17 - Collection @ 70% CL	\$1,475,276	\$80,740,451	\$72,628,967
2017/18 - Collection @ 70% CL	\$1,475,276	\$82,215,728	\$74,104,243
2018/19 - Collection @ 70% CL	\$1,475,276	\$83,691,004	\$75,579,520



**Athletic Injury Medical Expense Coverage Fund**  
**Target Surplus Funding Analysis at \$90,000 SIR**  
*as of 6/30/16 (unaudited)*

Gross Premium (FY 16/17):	\$4,158,323
Maximum Retention:	\$90,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$2,108,516 <i>Expected, Undiscounted</i>
<b>Est. Outstanding Liabilities @ 6/30/16</b>	<b>\$2,277,197 at 70% Confidence</b>
Est. Fund Balance @ 6/30/16	\$2,695,789
Est. Funded Loss & ULAE @ 6/30/16	\$2,447,987 <i>at 70% Confidence</i>
<b>Est. Funding above 70% Conf Level:</b>	<b>\$247,802</b>

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 6:1	\$693,054	1.54
Surplus to Retention	> 5:1	\$450,000	29.95
O/S Reserve to Surplus	≤ 5:1	\$421,703	0.78

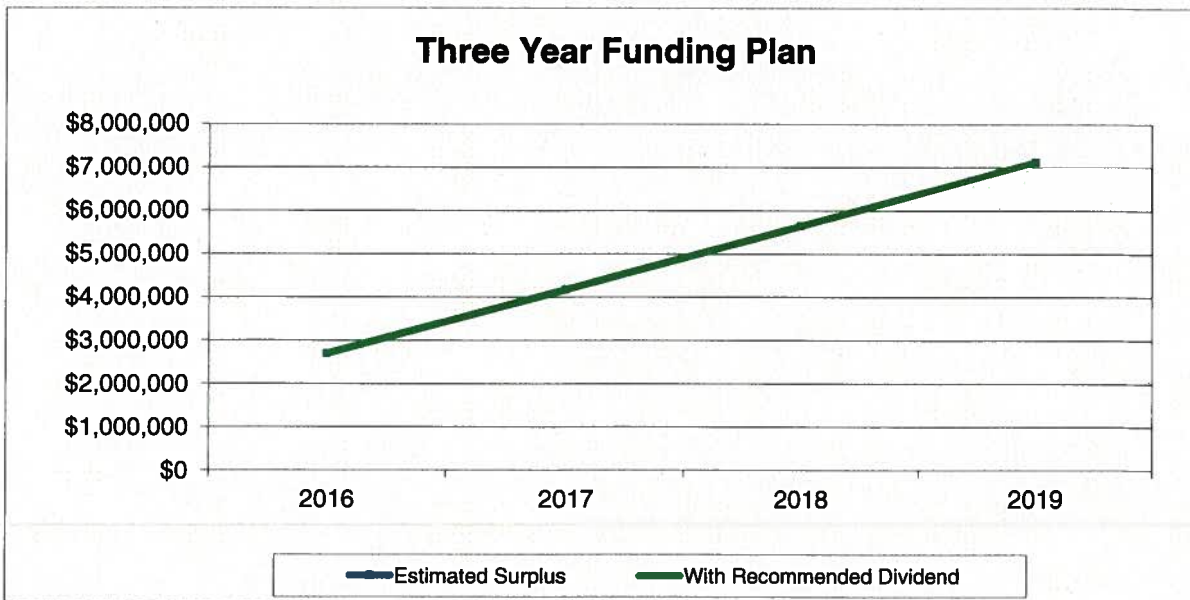
<b>Maximum Dividend Available:</b>	<b>\$0</b>
<b>Recommended Dividend 50%:</b>	<b>\$0</b>

**2015/16 Pool Funding Options**

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	1.000	\$29,505,525	-
at 70% Actuarial Confidence	1.050	\$30,980,801	\$1,475,276

**Three Year Funding Plan**

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/16	N/A	\$2,695,789	\$2,695,789
2016/17 - Collection @ 70% CL	\$1,475,276	\$4,171,065	\$4,171,065
2017/18 - Collection @ 70% CL	\$1,475,276	\$5,646,342	\$5,646,342
2018/19 - Collection @ 70% CL	\$1,475,276	\$7,121,618	\$7,121,618





## **Appendix E**

**RPTG Meeting Agenda – July 14, 2016**

**RPTG Meeting Agenda – August 9, 2016**

---



**CSURMA EXECUTIVE COMMITTEE  
RATING PLAN TASK GROUP  
MEETING AGENDA  
"This is an Open Public Meeting"**

*In accordance with the requirements of the Bagley-Keene Open Meeting Act, notice of this meeting must be posted in publicly accessible places, including the Internet, at least ten (10) days in advance of the meeting.*

*Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location requires routine provision of identification to building security. However, CSURMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.*

- 1. Teleconference Location - CSU Chancellor's Office, 401 Golden Shore, Long Beach, CA

Meeting Date: July 14, 2016  
Time: 11:00 AM to 2:00 PM

Primary Location: CSU Chancellor's Office  
401 Golden Shore, Room 511  
Long Beach, CA 90802

Legend: **A** = Action  
**I** = Information

**A. CALL TO ORDER**

- 1. **Approval of the Agenda** **A**

**B. PUBLIC COMMENTS**

**C. GENERAL ADMINISTRATION**

- 1. **2013 Rating Plan Task Group Final Report** **A**  
*The Task Group will be asked to review the 2013 RPTG final report, providing direction as appropriate*
- 2. **2016 Rating Plan Task Group Goals** **A**  
*The Task Group will be asked to discuss the goals of the 2016 RPTG meeting*
- 3. **Risk Pools Funding Policy** **A**  
*The Task Group will be asked to review the current funding policies of the Campus pooled programs, providing direction as appropriate*
- 4. **Rating Plans** **A**  
*The Task Group will be asked to review the current rating plan for the following programs, providing direction as appropriate*
  - a. Workers' Compensation
  - b. Liability
  - c. IDL / NDI / UI
  - d. Property
    - I. State Public Works Board Facilities  
*The Task Group will review strategies to fund the insurance costs on State Public Works Board facilities*



California State University Risk Management Authority

e. Auto Liability

- 5. **Foreign Travel Insurance Program** A  
*The Task Group will be asked to review the FTIP and FTIP IP rating plans, providing direction as appropriate*
- 6. **Athletic Injury Medical Expense Program** A  
*The Task Group will be asked to review the AIME rating plan, providing direction as appropriate*
- 7. **Rating Plan Task Group Follow-Up Meeting Date** A  
*The Task Group will be asked to set the date for the next RPTG meeting*

D. **ADJOURNMENT** A

*If you have questions regarding the agenda package, please contact Mimi Long at [mlong@alliant.com](mailto:mlong@alliant.com) / (415) 403-1423 or Tevea Him at [thim@alliant.com](mailto:thim@alliant.com) / (415) 403-1416*



**CSURMA EXECUTIVE COMMITTEE  
RATING PLAN TASK GROUP  
MEETING AGENDA  
“This is an Open Public Meeting”**

*In accordance with the requirements of the Bagley-Keene Open Meeting Act, notice of this meeting must be posted in publicly accessible places, including the Internet, at least ten (10) days in advance of the meeting.*

*Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location requires routine provision of identification to building security. However, CSURMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.*

1. Webinar Location - CSU Chancellor’s Office, 401 Golden Shore, Long Beach, CA
2. Lisa Chavez, California State University Los Angeles, Admin 607, 5151 State University Drive, Los Angeles, CA
3. Kevin Saunders, California State University Monterey Bay, 5108 Fourth Avenue, Marina, CA
4. Ming Tung (Mike) Lee, California State University Sacramento, 6000 J. Street, Sacramento, CA

Meeting Date: August 9, 2016  
Time: 2:00 PM to 4:00 PM

Primary Location: Alliant Insurance Services, Inc.  
100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111

Legend: A = Action  
I = Information

**A. CALL TO ORDER**

1. **Approval of the Agenda** A

**B. PUBLIC COMMENTS**

**C. GENERAL ADMINISTRATION**

1. **2016 Rating Plan Task Group Draft Report** A  
*The Task Group will be asked to review the 2016 RPTG draft report, providing direction as appropriate*
2. **Rating Plans Recommendations** A  
*The Task Group will be asked to review the rating plans recommendations for the following programs, providing direction as appropriate*
  - a. Workers’ Compensation
  - b. Liability
  - c. Property
3. **State Public Works Board Facilities** A  
*The Task Group will review strategies to fund the insurance costs on State Public Works Board facilities*
4. **Foreign Travel Insurance Program** A  
*The Task Group will be asked to review the FTIP IP rating plans, providing direction as appropriate*



California State University Risk Management Authority

- 5. Management Discussion and Analysis** **A**  
*The Task Group will be asked to review the MD&A draft, providing direction as appropriate*

**D. ADJOURNMENT** **A**

*If you have questions regarding the agenda package, please contact Mimi Long at [mlong@alliant.com](mailto:mlong@alliant.com) / (415) 403-1423 or Tevea Him at [thim@alliant.com](mailto:thim@alliant.com) / (415) 403-1416*



## **Appendix F**

### **Cost Impact of Recommended Modifications to the Rating Plans (Liability)**

**CSURMA GENERAL/E&O LIABILITY PROGRAM**  
**FY 17/18 Program Deposits**

Campus	2015/16 Payroll	2016/17 Payroll Basis	2016/17 Deductible	2017/18 Premium	Credibility Factor				Deductible Credit				at New Credibility Factors & New Deductible Credits						
					Old Credibility	New Credibility	Old X-Mod	New X-Mod	Premium Diff	% Chg	Old Act Cr	New Act Cr	Premium Diff	% Chg	Old Act Cr	New Act Cr	Premium Diff	% Chg	
Bakersfield	62,323,886	311,619,430	35,000	277,832	60.00%	70.62%	49.86%	40.98%	247,520	(30,312)	-10.91%	20.0%	15.0%	288,346	10,514	3.78%	256,139	(21,693)	-7.81%
Chanel Islands	61,209,837	306,049,185	35,000	485,476	60.00%	70.25%	116.74%	119.60%	493,919	8,443	1.74%	20.0%	15.0%	509,652	24,176	4.98%	518,623	33,147	6.83%
Chico	115,374,663	576,873,315	250,000	625,443	75.00%	81.65%	124.22%	126.37%	631,482	6,039	0.97%	57.5%	52.0%	678,784	53,341	8.53%	685,604	60,161	9.62%
Dominguez Hills	88,725,971	443,629,854	100,000	565,278	60.00%	77.39%	99.92%	99.90%	564,172	(1,106)	-0.20%	35.0%	30.0%	595,273	29,995	5.31%	594,082	28,804	5.10%
East Bay	116,790,750	583,953,749	500,000	601,584	75.00%	81.84%	163.53%	169.32%	614,277	12,683	2.11%	70.0%	65.0%	666,212	64,618	10.74%	681,010	79,416	13.20%
Fresno	142,431,460	712,157,300	250,000	379,237	90.00%	84.60%	26.36%	30.77%	397,001	17,764	4.68%	57.5%	52.0%	393,209	13,972	3.68%	413,272	34,035	8.97%
Fullerton	229,746,286	1,148,731,431	250,000	1,015,143	90.00%	89.86%	87.90%	87.92%	1,013,755	(1,388)	-0.14%	57.5%	52.0%	1,090,299	75,156	7.40%	1,088,731	73,588	7.25%
Humboldt	74,470,889	372,354,485	50,000	531,820	60.00%	74.18%	107.58%	109.37%	537,512	5,692	1.07%	25.0%	20.0%	558,925	27,105	5.10%	564,998	33,178	6.24%
Long Beach	233,309,123	1,166,545,615	250,000	810,159	90.00%	90.00%	55.90%	55.90%	808,182	(977)	-0.12%	57.5%	52.0%	858,699	48,540	5.99%	857,596	47,437	5.86%
Los Angeles	150,541,484	762,707,421	250,000	795,794	90.00%	85.31%	118.18%	117.23%	790,372	(5,422)	-0.68%	57.5%	52.0%	862,006	66,212	8.32%	855,882	60,088	7.55%
Maritime Academy	22,719,808	113,589,038	35,000	227,454	50.00%	46.71%	156.29%	152.58%	222,407	(5,047)	-2.22%	20.0%	15.0%	239,468	12,014	5.28%	234,105	6,651	2.92%
Monterey Bay	62,246,125	311,230,624	35,000	234,210	60.00%	70.60%	40.00%	29.40%	198,240	(35,970)	-15.35%	20.0%	15.0%	242,634	8,424	3.60%	204,416	(28,794)	-12.72%
Northridge	233,104,990	1,165,524,951	750,000	945,071	90.00%	89.99%	155.32%	155.31%	943,781	(1,290)	-0.14%	60.0%	75.0%	1,067,567	122,496	12.96%	1,065,954	120,883	12.79%
Pomona	147,593,045	737,965,226	250,000	622,232	90.00%	85.06%	87.43%	88.12%	624,187	1,955	0.31%	57.5%	52.0%	670,258	48,026	7.22%	672,465	50,233	8.07%
Sacramento	177,750,378	888,751,892	900,000	560,303	90.00%	87.27%	115.36%	114.89%	558,832	(1,471)	-0.26%	84.0%	78.0%	643,552	83,249	14.86%	641,530	81,227	14.50%
San Bernardino	120,137,845	600,689,224	50,000	921,652	75.00%	82.25%	114.95%	116.40%	928,621	6,969	0.76%	25.0%	20.0%	968,378	46,726	5.07%	975,812	54,160	5.88%
San Diego	225,092,455	1,125,012,273	900,000	562,576	90.00%	89.67%	62.20%	62.34%	562,519	(57)	-0.01%	84.0%	78.0%	619,400	56,824	10.10%	619,322	56,746	10.09%
San Francisco	208,060,117	1,040,300,585	500,000	684,978	90.00%	88.92%	74.97%	75.27%	685,418	440	0.06%	70.0%	65.0%	737,750	52,772	7.70%	738,264	53,286	7.78%
San Jose	200,156,601	1,000,783,005	750,000	792,162	90.00%	88.53%	160.16%	159.18%	788,384	(3,778)	-0.48%	80.0%	75.0%	900,623	108,461	13.69%	895,901	103,739	13.10%
San Luis Obispo	196,650,678	983,253,388	250,000	762,924	90.00%	88.35%	77.64%	78.05%	764,089	1,165	0.15%	57.5%	52.0%	819,749	56,825	7.45%	821,065	58,141	7.62%
San Marcos	94,192,145	470,960,723	50,000	460,818	60.00%	78.42%	61.77%	50.03%	404,090	(58,728)	-12.31%	25.0%	20.0%	480,502	19,684	4.27%	419,992	(40,826)	-8.86%
Sonoma	85,713,949	428,569,745	100,000	663,729	60.00%	76.78%	137.75%	148.31%	702,073	38,344	5.78%	35.0%	30.0%	703,677	39,948	6.02%	744,970	81,241	12.24%
Stanislaus	65,757,774	328,788,871	35,000	384,385	60.00%	71.72%	75.16%	70.30%	366,453	(17,932)	-4.67%	20.0%	15.0%	401,106	16,721	4.35%	382,054	(2,331)	-0.61%
Chancellor's Office	58,241,627	291,208,135	100,000	559,046	60.00%	69.20%	183.78%	196.62%	590,640	31,594	5.65%	35.0%	30.0%	595,260	36,214	6.48%	629,284	70,238	12.56%
<b>TOTALS</b>	<b>3,172,251,895</b>	<b>15,861,259,474</b>		<b>14,469,316</b>					<b>14,439,926</b>	<b>(30,390)</b>	<b>-0.21%</b>			<b>15,591,329</b>	<b>1,122,013</b>	<b>7.75%</b>	<b>15,561,071</b>	<b>1,091,755</b>	<b>7.55%</b>

**Aon Risk Consultants: 8/25/16**

Deductible	Credit	Prior	Diff
\$35,000	15.0%	20.0%	-5.0%
50,000	20.0%	25.0%	-5.0%
100,000	30.0%	35.0%	-5.0%
250,000	52.0%	57.5%	-5.5%
500,000	65.0%	70.0%	-5.0%
750,000	75.0%	80.0%	-5.0%
900,000	78.0%	84.0%	-6.0%
1,000,000	80.0%	86.0%	-6.0%

Five Year Payroll Range	Assigned Credibility Factor
0 - 100MM	25%
100MM - 250MM	50%
250MM - 500MM	60%
500MM - 700MM	75%
\$700MM+	90%