

**MINUTES OF THE CSURMA  
LONG RANGE PLANNING SESSION  
MARCH 21, 2014  
NEWPORT BEACH, CALIFORNIA**

**MEMBERS PRESENT**

Robert De Wit, Forty-Niner Shops, Inc., AORMA Vice-Chair  
Lori Gentles, San Francisco State University  
Linda Hawk, CSU San Marcos, Vice-Chair  
Mike Lee, Sacramento State University  
Michael Thorpe, CSU Chico

**MEMBERS ABSENT**

George V. Ashkar, CSU Office of the Chancellor, Treasurer  
Dwayne Brummett, California Polytechnic State University, AORMA Chair  
Lisa Chavez, CSU Los Angeles  
Cynthia Teniente-Matson, CSU Fresno, Chair

**STAFF, GUESTS & CONSULTANTS**

Suzanne Blake, Witt – O’Briens  
Michael Castro-Weir, Witt – O’Briens  
Kelly Cox, CSU Office of the Chancellor  
Gordon DesCombes, Alliant Insurance Services, Inc.  
Robert Eaton, CSU Financing and Treasury, Secretary-Auditor  
Zachary Gifford, CSU Office of the Chancellor  
Jacki Graf, Alliant Insurance Services, Inc.  
Jim Hoffman, CSU Office of the Chancellor, CPDC  
Jim Holobaugh, Alliant Insurance Services, Inc.  
Daniel Howell, Alliant Insurance Services, Inc.  
William Hsu, CSU Office of General Counsel  
Myron Leavell, Alliant Insurance Services, Inc.  
Robert Leong, Alliant Insurance Services, Inc.  
Mimi Long, Alliant Insurance Services, Inc.  
Josh Schultz, Alliant Insurance Services, Inc.

**CALL TO ORDER**

The meeting was called to order at 8:06 a.m. by Vice-Chair, Linda Hawk.

**1. Review of 2013/2014 Long Range Action Plan**

Rob Leong reviewed the 2013/2014 Long Range Action Plan with the Executive Committee.

LRP – 1      Removed  
LRP – 2      Completed  
LRP – 3      Completed

LRP – 4	Student Personal Property & Liability Insurance – In Progress
LRP – 5	Removed
LRP – 6	Service Animals on Campus – In Progress
LRP – 7	Bicycles/Skateboards on Campus – In Progress
LRP – 8	Ongoing
LRP – 9	Completed
LRP -10	Completed
LRP – 11	Minors on Campus – In Progress
LRP – 12	In Review
LRP – 13	In Review

## **2. Campus Pooled Program Funding Status**

Rob Leong reviewed the item with the Executive Committee. Staff prepared an analysis of the pooled programs funding position relative to the actuary's projection for CSURMA's minimum funding requirements and expected cash expenditures for program administration through June 30, 2014. It was reported that there are sufficient funds to meet anticipated needs, including a confidence margin for unexpected expenditures. Additionally, there will be approximately \$7.6m in Workers' Compensation Program fund reserves, with 50% of that available to consider a release of dividends to the members.

## **3. Review of Data Security and Applicable ICSUAM Policies**

### **3.a Data Security Policies**

Zachary Gifford reviewed the item with the Executive Board. In response to the recent University Auditor's report, CSURMA agreed to annually review the iVOS Data Security Policy.

The review was completed and no changes were noted.

### **3.b Applicable ICSUAM Policies**

Kelly Cox reviewed the item with the Executive board. In response to the recent University Auditor's report, CSURMA Treasury and Finance agreed to annually review the ICSUAM for any revised policies and procedures that should now apply to operation of CSURMA.

The Executive Committee reviewed the matrix of ICSUAM sections and found all relevant sections incorporated into CSURMA operations.

## **4. Workers Compensation Program**

### **4.a Claims Audit Presentation**

Jacki Graf, CSURMA's Senior WC Claims Consultant, reviewed the item with the Executive Committee. Pursuant to CSURMA P&P No. 5, a regular performance audit is performed to

review services delivered by Sedgwick, particularly in regards to the standards of performance for the industry and the specific requirements outlined in the Service Agreement between CSURMA and Sedgwick CMS. A service performance audit for 2013 was completed by Jacki Graf, in August and September 2013.

The audit presented an 87% result in selected categories vs. our compliance standard of 90%. Two categories were above the standard – Initial Contact, 90% and Claims Management, 92% while one category was below the standard – Process Control. Sedgwick CMS has already put recommendations in place to address the audit concerns presented.

It was suggested that a “mini-audit” be conducted this fall to monitor the situation for improvement.

#### **4.b Approval of Proposed Claims Closure Initiative**

Daniel Howell reviewed the item with the Executive Committee. The CSURMA Campus Workers’ Compensation Risk Pool has 1,561 open indemnity and future medical claims files as of January 31, 2014. Many of these files are from years ago and have been difficult to close out. Claims files become more costly with age and result in higher actuarial loss estimates due to trending.

Staff proposed a new project that involves engaging workers’ compensation claims counsel in a focused claims closure project on targeted claims. The proposal includes engaging Ingber and Weinberg, LLP to implement their “Operation Doubleplay” program on claims files identified as good targets for closure. The cost of the project would be charged to the claim files as a normal claims expense.

No action was taken at today’s meeting due the lack of a quorum.

#### **4.c Evaluation of Restarting Primary Reinsurance Program**

Daniel Howell reviewed the item with the Executive Committee. For the years FY 08/09, 09/10 and 10/11, the Executive Committee authorized the purchase of a primary reinsurance program CSURMA Campus Workers’ Compensation Risk Pool. CSURMA reinsured the first \$2.5 million of each workers’ compensation claim from 7/1/08 to June 30, 2012. After that time, the cost of reinsurance coverage significantly exceeded the CSURMA actuary’s projection of the cost to retain the risk.

Staff has received interest from the Excess Insurance Authority (EIA) to offer a primary reinsurance program. The EIA insures 70% of California cities for primary workers’ compensation. The EIA offering is a combination of two programs: 1) \$10K EIA Pool (self-insured) and 2) \$125K Security National Insurance Company (AmTrust Group) placement. The EIA Program has 3 base rate categories – Cities, Counties and All Others.

The cost of a primary reinsurance program would be paid from campus risk pool deposits that would otherwise be used to self-insure the claims to be transferred to the primary reinsurer. In general, it is less costly to self-insure first dollar claims with high frequency.

Direction was given to staff to research the EIA option further for viability.

## **5. Rating Plans Task Groups**

### **5.a Campus Risk Pool**

Rob Leong reviewed the item with the Executive Committee. Rob thanked all of those who participated in the Task Groups for the efforts.

The Campus Programs RPTG found that the current rating plans are fair and achieve program objectives. The task group has developed certain refinements to the General and Errors & Omissions Liability and the Workers' Compensation coverage programs as detailed below.

The Campus Programs RPTG recommends that the Liability Deductible credits should be adjusted per the Actuary's recommendation dated November 1, 2013. The task group affirms that self supporting funds should continue to have a \$35,000 deductible regardless of the campus selected deductible. The effect of the new deductible credit factors would increase FY 2014/15 Liability program funding by \$552,738 – at present campus deductible selections.

The Campus Programs RPTG recommends the elimination of funding for claims with industrial injury dates occurring prior to July 1, 1999 since the Workers' Compensation Risk Pool is fully-funded per the actuary's recommendation at the 70% confidence interval (which exceeds expected loss funding defined to be 50-55% confidence). The effect of this recommendation reduces total deposit by \$1,556,520.

The Campus Programs RPTG recommends that a comprehensive review of the rating plans be initiated in the Spring 2016 so that appropriate changes can be considered before adoption of the rates for FY 2017/18.

### **5.b Student Programs**

Michael Thorpe reviewed the item with the Executive Committee, stepping through the project timeline.

Thus far, the Student Programs Rating Plans Task Group has recommended the following: 1) A restructuring of the FTIP Program, to accommodate longer lengths of stay; 2) Development of bridge coverage between FTIP and USAC programs. The bridge coverage is necessary to fill the gaps in coverage between the two required programs.

## **6. Review of Policies and Procedures (Even Numbered)**

- a) No. 2. Resolution of Coverage and Claim Disputes
- b) No. 4. Periodic Actuarial Studies

- c) No. 6. Payment Terms
- d) No. 8. Coverage Determination For Claims Designated “Systemwide
- e) No. 10. Member Loans
- f) No. 12. CSURMA Committee Members Attendance of Conferences Professional Development
- g) No. 14. Campus Risk Pool Dividends & Assessments
- h) No. 16. Use of CSURMA Equipment
- i) No. 18. Board of Directors Participation and Executive Committee Nominations and Elections Process
- j) No. 20. OCIP & BRIP

Daniel Howell reviewed the item with the Executive Committee. In response to the recent University Auditor’s report, CSURMA agreed to annually review the Policies and Procedures annually, odd-numbered policies in odd-numbered years and even-numbered in even years.

Of the policies and procedures reviewed as noted above, only P & P No. 8 - Coverage Determination For Claims Designated “Systemwide and P & P No. 12 - CSURMA Committee Members Attendance of Conferences Professional Development require revision at this time. P & P No. 8 clarifies the process for handling of systemwide issues and updates to the current titles of those responsible. P & P No. 12 was amended to remove any duplicative language from the Travel Policy in place and added the requirement of a report to the Executive Committee

## **7. Emergency Services Consulting Presentation**

Zachary Gifford introduced Suzanne Blake and Michael Castro-Weir of Witt-O’Brien’s to the Executive Committee. They provided a brief overview of the disaster recovery services provided to CSURMA. Witt O’Brien’s provides emergency services consulting for the California State University System under an agreement between CSURMA and Witt Group Holdings, LLC. The current term of the agreement is from July 1, 2012 to July 1, 2014, and renewable for successive two-year periods subject to adjustments of costs and fees to be agreed upon in writing.

## **8. Development of New Programs and Services**

Daniel Howell reviewed the item with the Executive Committee. There was discussion on the following issues:

- Student Tenant Insurance Program (STIP) – Investigate currently available programs (Sallie Mae) to use as initial coverage model then later create a CSURMA program; being careful in the campus contracting process.
- Student Health Insurance Program (SHIP) – This has been tabled.
- Unmanned Aerial Vehicles (UAV) – Work with Liability Underwriters to add back coverage.
- Unemployment Insurance Program Stop Loss Coverage – No Interest at this time.
- Primary Reinsurance of the Campus Workers’ Compensation Program – Investigating further
- Earthquake/CAT Coverage – Are bonds a viable possibility?

- Accident Policy for External Student Placements (Service Learning) – Michael Thorpe will work with Willie Hsu in the OGC as he fully understands the issue.

## 9. Rolling OCIP Status Report

Daniel Howell introduced the OCIP Service Team to the Executive Committee. CSURMA launched the systemwide rolling Owner Controlled Insurance Program effective January 1, 2012. The program is designed to provide insurance coverage for construction of major capital projects with a construction cost of \$10 million or greater. “CSU OCIP I” covers projects breaking ground between January 1, 2012 and December 31, 2014 through their completion. The CSU CABO group has asked the CSURMA EC to monitor the program and develop a progress report on the program results, especially actual savings from contractor procured insurance.

Jim Holobaugh and Josh Schultz from Alliant Insurance Services and Jim Hoffman from CPDC presented an overview of the program highlights. Thus far, there are \$366,141,637 in total enrolled projects in the program with another \$239,480 in upcoming projects to be added to the pipeline shortly with \$605,621,637 in total projects.

[DESCRIBE THE CREDITS TO THE PROGRAM AS THE NUMBERS DIDN'T JIB BETWEEN JIM, JIM AND KELLY IN THE DISCUSSION]

## 10. Service Provider Performance Evaluation of CSURMA Vendors

Zachary Gifford provided a high-level report on the Service Provider Performance evaluation process to the Executive Committee. The CSU Office of Risk Management contacted all CSURMA/AORMA members requesting comments on vendor performance. The Service Provider Performance evaluation process provides CSURMA with information to address member service needs for strategic planning.

The following vendors were evaluated in the process:

- 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 - TALX – Unemployment Claims Administrator
- Har-Bro – Property Loss Mitigation & Restoration
- Sedgwick CMS – CSURMA Workers’ Compensation Claims Administrator
- Workplace Answers – Campus Web-based Training

The survey is designed to maintain respondent confidentiality in order to elicit candid comments. The survey was modified last year so that respondents were only asked complete the survey for those service providers that they interacted with. Vendors were generally viewed as providing good service to the membership.

#### **11. Development of CSURMA Goals for next 1 to 3 years**

Daniel Howell introduced the item to the Executive Committee. Discussion on FY 14/15 Long Range Action Plan goals included:

1. Develop PowerPoint presentation on "An Introduction to CSURMA" for new CSU staff with objectives to (1) increase awareness of CSURMA, (2) explain Purpose, (3) describe Organizational Structure, and (4) affirm Value.
2. Evaluate CSU's Unemployment Insurance claim trends and establish methods to improve results.
3. Develop and implement plan to reduce WC claims liability, with specific goal to improve claims settlement and closure of very old claims. Student Property and Liability coverage - Like Renters' Insurance
4. Re-evaluate Primary Workers' Compensation Reinsurance as a vehicle to mitigate CSU's cost of WC claims funding.
5. Develop process and establish timeline to renew the Owner-controlled Insurance Program covering CSU's capital construction projects.
6. Develop and implement coverage plan to cover CSU's liability arising from ownership and operation of UAVs (drones) used for research activities.
7. Re-examine internship agreements, develop contractual standards, draft model agreement.

#### **12. Adjournment**

The meeting adjourned at 12:53 p.m.

A motion was made to adjourn the meeting.