



**MINUTES OF THE
CSURMA BOARD OF DIRECTORS MEETING
October 26, 2018
CSU CHANCELLOR’S OFFICE, DUMKE ROOM
401 Golden Shore • Long Beach, CA**

10:30 AM

A. CALL TO ORDER

The meeting was called to order at 10:31 a.m. by Lisa Chavez

A1. Approval of the Agenda

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

MOTION: Amy Thomas **SECOND:** Scott Apel

AYES:	Apel, Brummett, Carter, Chavez, Davis, Eaton, Hayano, Hullinger, Kao, Levinson, Mendoza, Nakamura, Newberg, Saunders, Thomas, and Thorpe
NOES:	None
ABSTAIN:	Comet, Coughlin, Goodwin, Hill, Hoss, Knight, Lee, Perez-Guerra, Rentto, Spotorno, Winterhalter, Wittmeier, and Zachmeyer
ABSENT:	See the Attendance Page

MOTION CARRIED

B. PUBLIC COMMENTS

There were no public comments.

C. CONSENT CALENDAR

- C1. Approval of Minutes – April 25, 2018**
- C2. Treasurer’s Report ending June 30, 2018**
- C3. Adoption of Meeting Dates for Calendar Year 2019**

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

MOTION: Thom Davis **SECOND:** Stacey Hayano

AYES:	Apel, Brummett, Carter, Chavez, Davis, Eaton, Hayano, Hullinger, Kao, Levinson, Mendoza, Nakamura, Newberg, Saunders, Thomas, and Thorpe
NOES:	None

ABSTAIN:	Comet, Coughlin, Goodwin, Hill, Hoss, Knight, Lee, Perez-Guerra, Rentto, Spotorno, Winterhalter, Wittmeier, and Zachmeyer
ABSENT:	See the Attendance Page

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. Independent Auditor’s Financial Audit Report as of June 30, 2018

Mark Thomas from KPMG stated that the Independent’s Auditors Report included an unmodified opinion on the financial statements as well as the supplementary information. Thomas noted that the areas of the audit emphasis were the member contribution revenues, investments, insurance premiums, dividend distributions, and claims liability for losses and loss adjustments expenses. Claims losses and loss adjustment expenses are also reviewed by KPMG’s actuary.

A motion was made to accept the audited financial report ending June 30, 2018 as presented.

MOTION: Kevin Saunders **SECOND:** Stacey Hayano

AYES:	Apel, Brummett, Carter, Chavez, Davis, Eaton, Hayano, Hullinger, Kao, Levinson, Mendoza, Nakamura, Newberg, Saunders, Thomas, and Thorpe
NOES:	None
ABSTAIN:	Comet, Coughlin, Goodwin, Hill, Hoss, Knight, Lee, Perez-Guerra, Rentto, Spotorno, Winterhalter, Wittmeier, and Zachmeyer
ABSENT:	See the Attendance Page

MOTION CARRIED

D2. Insurance Renewals Report

The majority of the CSURMA excess insurance programs renew on July 1st. Daniel Howell updated the Board on the insurance renewals, providing a cost comparison as well as a summary of the major changes to the programs’ terms.

FY 18/19 Insurance Renewals - Projected Renewal Costs		
Program	AORMA	Campus
Excess Liability	8%	13%
Property	19%	14%
Workers' Compensation	-7%	3%
Builder's Risk	N/A	Flat
Fine Arts	N/A	10%
SPLIP & SAFECLIP	N/A	Flat
FTIP	18%	18%
Aviation	Flat	Flat

Medical Malpractice	Flat	Flat
Fidelity	Flat	Flat
Trustees E&O / AORMA Fiduciary Liability	6%	71%
Cyber	-32%	-32%

Howell explained that Staff was able to structure the excess liability program to provide concussive injuries and employment practices liability coverage up to \$100MM; excess of \$100MM, the program provides general liability and auto liability only. Staff negotiated lower pricing for workers’ compensation from CSAC-EIA for a new two-year term. The Trustees E&O policy was enhanced for FY 18/19 to increase the systemwide trustees’ coverage limit from \$2MM to \$5MM.

D3. FY 19/20 Campus Risk Pools Program Funding Status

D3a. Campus Risk Pools - Actuarial Reports for Campus Liability, Campus Workers’ Compensation and Athletic Injury Medical Expense (AIME) Programs

Staff provided an overview of the actuarial exhibits for the Campus liability and workers’ compensation program as well as the AIME program. The information provided by the actuary is used to establish fiscal year-end financial reports, and serves as the starting point to develop rates and funding for FY 2019/20, as well as evaluating potential dividends or assessments.

D3b. Campus Risk Pool Funding Status at June 30, 2018

Staff provided an overview of the funding status reports for the Campus liability and workers’ compensation programs as well as the AIME program. Staff used the most recent actuarial reports and June 30 financial statements to prepare these reports.

D3c. Campus Risk Pools – Dividends and Assessments

Rob Leong explained that On September 7, 2018, the Executive Committee evaluated the funding status of the campus risk pools and approved dividends in accordance with Policy & Procedure No. 14. In making this determination, the Executive Committee reviewed the actuarial reports valued at June 30, 2018, and the audited financial statements as of June 30, 2018. It has been the practice of the Executive Committee to declare as dividends up to fifty percent (50%) of the unencumbered program funds which are in excess of the minimum funding requirements, and an assessment to cover existing and anticipated shortfalls for campus risk pools with a negative balance. Dividends have been approved for payment to members as follows:

Dividends Payable				
Program	Liability	WC	AIME	Total
Excess of Recommended Funding	7,646,090	20,240,528	1,005,989	28,892,607
Minimum Required Funding	5,391,049	12,945,795	776,758	19,113,602
Maximum Available	2,255,041	7,294,734	229,231	9,779,006
Indicated Dividend (50%)	1,127,520	3,647,367	114,615	4,889,502
Loan Repayment	-	-	(114,615)	(114,615)
Dividend Payable	\$ 1,127,520	\$ 3,647,367	\$ -	\$ 4,774,887
<i>Recommended Funding is at a 70% confidence level.</i>				

The adopted FY 2018/19 operating budget will be amended to reduce the Liability, Workers' Compensation and AIME fund balances to recognize the dividends indicated above. Dividends for Liability and Workers' Compensation will be paid to the campuses via a Cash Posting Order. AIME's dividend will be applied to the Liability fund to repay a portion of the \$500,000 loan (inter-fund transfer) authorized by the Executive Committee on September 8, 2017.

This item is for information only as the Executive Committee approved the dividends shown above at its meeting on September 7, 2018.

D4. FY 2019/2020 Rates and Gross Funding Campus Coverage Programs

Rob Leong explained that the Executive Committee is recommending that the Board of Directors adopts rates and funding for the upcoming fiscal year at its Fall meeting. Staff has prepared FY 2019/20 funding recommendations for the Campus coverage programs using the actuarial reports dated September 10, 2018.

Campus Liability include premium deposits for the Student Professional Liability Insurance Program (*SPLIP*), Student Academic Field Experience for Credit Liability Insurance Program (*SAFECLIP*) and the new Club Liability Insurance Program (*CLIP*). Campus Property include premium deposits for Blanket Employee Fidelity, Cyber Risk and Fine Arts Artifacts & Archives (*FAAAP*) insurance. Automobile Liability is self-insured by the State Motor Vehicle Insurance Account (*MVIA*), whose cost is determined by the Office of Risk and Insurance Management (*ORIM*). The costs for the purchased insurance programs (*SPLIP*, *SAFECLIP*, *Property*, *Fidelity*, and *Cyber*) are estimates at this time since actual rates will not be known until negotiations are finalized in June 2019.

The following summarizes total program costs, with individual campus costs shown in the attachments to this item:

Campus Coverage Programs				
FY 19/20 Proposed Gross Funding				
Coverage Program	FY 18/19	FY 19/20	\$ Change	% Change
Liability	16,173,148	18,605,268	2,432,120	15%
Workers' Compensation	38,837,384	40,781,992	1,944,608	5%
IDL/NDL/UI	15,500,000	15,316,000	(184,000)	-1%
Property	8,450,000	8,788,000	338,000	4%
AIME	4,660,547	4,760,949	100,402	2%
Automobile Liability	772,833	1,408,547	635,714	82%
Total	\$ 84,393,912	\$ 89,660,756	\$ 5,266,844	6%
<i>The liability funding is undiscounted for anticipated investment income.</i>				
<i>The workers' compensation and AIME funding are discounted for anticipated investment income.</i>				

A motion was made to adopt the Campus coverage programs funding for FY 2019/20 as presented above, and delegate authority to the Executive Committee to finalize funding of the Liability program at either a discounted or undiscounted basis when it meets in March 2019.

MOTION: Kevin Saunders **SECOND:** Mike Thorpe

AYES:	Apel, Brummett, Carter, Chavez, Davis, Eaton, Hayano, Hullinger, Kao, Levinson, Mendoza, Nakamura, Newberg, Saunders, Thomas, and Thorpe
NOES:	None
ABSTAIN:	Comet, Coughlin, Goodwin, Hill, Hoss, Knight, Lee, Perez-Guerra, Rentto, Spotorno, Winterhalter, Wittmeier, and Zachmeyer
ABSENT:	See the Attendance Page

MOTION CARRIED

D5. FY 2018/2019 Long Range Planning Goals

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

- LRP-1: Roll out of the Special Events Resource Guide (SERG)
- LRP-2: Roll out of the Risk Management Information System
- LRP-3: Captive Formation and Analysis of CSURMA Investment Options
- LRP-4: Campus Visits to include CABO members, RM and EH&S, Athletic Directors and Trainers, and Auxiliary Organizations Leadership
- LRP-5: CSURMA Support of Systemwide EH&S Initiatives
- LRP-6: Campus Support for Managing Liability Arising from Student Club Activities
- LRP-7: Conduct Intensive Northern and Southern IRIC and SERG Training
- LRP-8: Review Timing and Budgeting Practices Related to CSURMA Dividends
- LRP-9: Review of Financial Reports to EC and BOD for Compliance, Relevance and Effectiveness

- LRP-10: Update of Quarterly CSURMA Report to CABO Utilizing RMIS Dashboard and Graphics
- LRP-11: Development of OCIP Dividend Policy and Procedure

D6. CSURMA Support of the Systemwide EH&S Software Package

Zachary Gifford stated that CSURMA’s Executive Committee agreed to support campus implementation of the University of California’s Risk and Safety Solutions (RSS) software modules, with campuses to pay for annual licensing. In April, the State Auditor released a report that described deficiencies in the University’s EH&S management, among them the need for a systemwide software platform to help manage EH&S processes and exposures. The Chancellor’s Office determined the best solution was to implement the RSS package on a systemwide basis, which the Chancellor committed partial funding for FY 2018/19. The Chancellor’s Office asked the balance be absorbed by CSURMA in its FY 2018/19 budget and include the cost of the software in the Campus Liability Risk Pool rates in the following years. Note, the additional cost for the software in FY 2019/20 and beyond is due to the cost of adding the “Chemicals” module which the Chancellor’s Office negotiated to be deferred in Year 1. Table 1 shows the cost:

Annual Cost for RSS Software Package			
Fiscal Period	FY 18/19	FY 19/20	FY 20/21
Software Cost	500,000	902,200	755,213
MSDS Module	59,187	59,187	59,187
Chancellor's Office Support	(500,000)	(500,000)	(500,000)
CSURMA Total Cost	59,187	461,387	314,400
<i>CSURMA budgeted up to \$140,000 for RSS Software in FY 18/19</i>			

CSURMA budget included \$140,000 for RSS software implementation at seven campuses (i.e. \$20,000 each). The additional cost of a systemwide implementation of a broader package of modules will cost \$500,000 in Year 1 (i.e., \$21,739 per campus), offset by the Chancellor’s Office contribution. A midterm budget amendment will be prepared to approve additional expenditure on RSS software in the current fiscal year. The cost in future years will be included in the budget and charged to the Liability Program fund.

CSURMA has recognized the need to support campus implementation of a software package to manage EH&S processes and exposures. Previously, the Executive Committee had agreed to support implementation of a limited number of the RSS software at seven campuses per year. This was intended to be a voluntary offering. Following the State Auditor’s report, it’s now clear that CSU needs a systemwide solution on a common software package. In addition, campuses may have additional costs such as bar code labels that will be reimbursed to CSURMA.

D7. Risk Console Roll-Out

Zachary Gifford explained the new Risk Console Platform is now populated with coverage, exposure and claims information. Members will now have the ability to obtain information and graphs specifically about their campus or specific location.

Two webinar have been scheduled:

October 18th – 2:00 PM to 4:00 PM
October 23rd – 10:00 AM to 12:00 PM

The cost for the Risk Console is included in the current budget.

D8. Club Liability Insurance Program (CLIP)

Daniel Howell explained the Executive Committee approved the implementation of the newly formed CSURMA Club Liability Insurance Program (CLIP), effective July 1, 2018. CLIP provides general and professional liability coverage for officially recognized clubs of the California State University. Coverage is provided for both on and off campus activities. Limits include \$1MM per occurrence and \$5MM aggregate. Injuries arising from fraternal organizations (men and women), hazing and injuries to participants while participating in athletic activities are excluded. Liquor liability is included, however, it must be poured by a licensed provider.

\$150,000 will be charged to the liability fund and allocated to campuses within the FY 19/20 rates. Campuses will then have the option to recover the costs from their clubs, similar to SPLIP and SAFECLIP. For the FY 18/19 program, the premium will be allocated based on campus payroll but the allocation will be thoroughly reviewed during the next Rating Plan Task Group meeting.

D9. Special Events Resource Guide

Zachary Gifford explained that The Special Events Resource Guide (SERG) has been finalized and is posted on the CSURMA website under Risk Management Resources.

The purpose of SERG is to support the California State University's mission to enrich its students and communities through hosting special events. The guide reflects the issues encountered by CSU and staff related to hosting special events. Staff feedback is vital in keeping the material up-to-date and useful. Please feel free to send questions and suggestions for future editions to the office of Systemwide Risk Management.

E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

E1. AORMA Programs Update

Dwayne Brummett provided a brief report of the activities of the AORMA Committee.

E2. AIME Programs Update

Lisa Kao provided a brief report of the activities of the AIME Committee.

F. CLOSED SESSION

There were no items scheduled for closed session.

G. INFORMATION ITEMS

G1. Program Administrator's Stewardship Report

Daniel Howell let the Board know that each year the Program Administrators prepare a Stewardship Report for the Board. The Stewardship Report describes the activities and accomplishments of CSURMA and its Program Administrators.

G2. Financial Ratings of the CSURMA Insurers and Reinsurers

Daniel Howell explained that one of the recommendations that came out of the CSURMA Operational Review was the suggestion that Staff should consider providing to the Board of Directors a summary of the financial strength of all insurance and reinsurance providers on the CSURMA programs. Staff prepared the report based on the current placements for FY 17/18 and will update the report in October for the FY 18/19 placements.

G3. CSURMA Tri-Fold

Lisa Chavez explained CSURMA brochure is updated annually and includes financial information as well as an overview of new coverage programs and new risk control services available to its member.

G4. Unemployment Insurance Claims Cost Summary Charts

Daniel Howell explained that the Unemployment Insurance Claims report shows quarter by quarter comparison of claims costs and also cost history.

G5. Workers' Compensation Stewardship Report

Zachary Gifford noted that Sedgwick, CSU's workers' compensation claims administrator, has completed their Stewardship Report which reviews CSURMA's key performance indicators for the program over the last five fiscal years.

Sedgwick CMS has provided workers' compensation third party claims administration for the CSU Campuses since July 1, 2003. The current agreement with Sedgwick has been extended to June 30, 2022.

G6. CSURMA Administrative Service Calendar

The Board reviewed the CSURMA Administrative Services Calendar.

G7. CSURMA Board of Directors and Staff Contact List

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



APPROVED

H. ADJOURNMENT

The meeting was adjourned at 11:41 A.M.



**CSURMA BOARD OF DIRECTORS MEETING
ATTENDANCE**

October 26, 2018

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

10:30 AM

Board of Directors:

Campus Name	Representative	Present ✓	Alternate	Present ✓
CSU Bakersfield	Thom Davis	<i>✓ In Person</i>	Tim Ridley	<i>Teleconference (non-voting)</i>
CSU Office of the Chancellor	Robert Eaton	<i>✓ In Person</i>	Steven Relyea	
CSU Channel Islands	Katharine Hullinger	<i>✓ In Person</i>	Elaine Crandall	
CSU Chico	Michael Thorpe	<i>✓ In Person</i>	Jeni Kitchell	
CSU Dominguez Hills	Naomi Goodwin	<i>Teleconference</i>	Stephen J. Mastro	
CSU East Bay	Nyassa Love Johnson	<i>Teleconference (non-voting)</i>	Debbie Chaw	
CSU Fresno	Debbie Adishian-Astone		Lisa Kao	<i>✓ In Person</i>
CSU Fullerton	Michael Coughlin	<i>Teleconference</i>	John Beisner	
Humboldt State University	Kimberly Comet	<i>Teleconference</i>	Doug Dawes	
CSU Long Beach	Scott Apel	<i>✓ In Person</i>	Felissa Waynick	<i>✓ In Person (non-voting)</i>
CSU Los Angeles	Lisa Chavez	<i>✓ In Person</i>	Nidavone Niravanh	<i>✓ In Person (non-voting)</i>
California Maritime Academy	Marianne Spotorno	<i>Teleconference</i>	Franz Lozano	
CSU Monterey Bay	Kevin Saunders	<i>✓ In Person</i>	Art Evjen	
CSU Northridge	Edith Winterhalter	<i>Teleconference</i>	Lisa Telles	<i>Teleconference (non-voting)</i>
Cal Poly Pomona	Whitney Fields		Vacant	
CSU Sacramento	Stacey Hayano	<i>✓ In Person</i>	Gary Rosenblum	
CSU San Bernardino	Susan Mendoza	<i>✓ In Person</i>	Douglas R. Freer	<i>Teleconference (non-voting)</i>
San Diego State University	Thomas McCarron		Jessica Rentto	<i>Teleconference</i>

Campus Name	Representative	Present ✓	Alternate	Present ✓
San Francisco State University	Phyllis Carter	<i>✓ In Person</i>	Michael Beatty	<i>✓ In Person (non-voting)</i>
San Jose State University	Marla Perez-Guerra	<i>Teleconference</i>	Charlie Faas	
Cal Poly (San Luis Obispo)	Dru Zachmeyer	<i>Teleconference</i>	Cindy Vizcaino Villa	
CSU San Marcos	Neal Hoss	<i>Teleconference</i>	Erin Fullerton	
Sonoma State University	Tyson Hill	<i>Teleconference</i>	Joyce Lopes	
CSU Stanislaus	Amy Thomas	<i>✓ In Person</i>	Darrell Haydon	

Campus Name	Representative	Present ✓
Chico, Research Foundation	Russell Wittmeier	<i>Teleconference</i>
Dominguez Hills, Loker Student Union	Cecilia Ortiz	
Fullerton, Auxiliary Services Corporation	Chuck Kissel	
Humboldt State University Center	Dave Nakamura	<i>✓ In Person</i>
Monterey Bay, University Corporation	Starr Lee	<i>Teleconference</i>
Sacramento, University Union Operation	Bill Olmsted	
Sacramento, University Enterprises, Inc.	Trina Knight	<i>Teleconference</i>
San Diego, Research Foundation	Leslie Levinson	<i>✓ In Person</i>
San Luis Obispo, Associated Students, Inc.	Dwayne Brummett	<i>✓ In Person</i>
San Marcos, Corporation	Bella Newberg	<i>✓ In Person</i>

Staff, Guests and/or Consultants Present:

Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor
 Daniel Howell, Alliant Insurance Services, Inc.
 William Hsu, CSURMA General Counsel, CSU Office of the Chancellor
 Robert Leong, Alliant Insurance Services, Inc.
 Tevea Him, Alliant Insurance Services, Inc.
 Mimi Long, Alliant Insurance Services, Inc.
 Jessica Liu, CSU Office of the Chancellor, CSURMA Accounting
 Mark Thomas, KPMG
 Liezl Sangalang, KPMG
 Jody Van Leuven, CSU Office of the Chancellor