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| 2. Campus Risk Pools Program Funding Status | I | <i>p.50</i> |
| <i>The Committee will receive a report on the campus pooled program funding status, taking action as necessary.</i> | | |
| 3. Adoption of the FY 2015/2016 CSURMA Operating Budget | A | <i>p.59</i> |
| <i>The Board will be asked to adopt the proposed FY 2015/2016 CSURMA Budget.</i> | | |
| 4. Nominating Committee Report and Executive Committee Elections | A | <i>p.103</i> |
| <i>The Board will receive a report from the Nominating Committee and will be asked to elect representatives to open seats.</i> | | |
| 5. Amendment of Policies and Procedures | A | <i>p.107</i> |
| <i>The Board will be asked to approve amendments to Policy and Procedure Nos. 5, 7 and 13, with additional modifications as appropriate.</i> | | |
| 6. FY 15/16 Long Range Planning Goals | I | <i>p.116</i> |
| <i>The Board will be asked to review the draft FY 15/16 Long Range Planning goals.</i> | | |
| 7. Campus Coverage Programs FY 2015/2016 Rates and Gross Funding | I | <i>p.123</i> |
| <i>The Board will be asked to approve final rates and funding for FY 15/16.</i> | | |
| 8. Review of CSURMA Operational Review Report | I | <i>p.132</i> |
| <i>The Board will be asked to review the consultant's report, taking action as appropriate.</i> | | |
| 9. Adoption of Amendments to CSURMA Joint Exercise of Powers Agreement and Bylaws | A | <i>p.157</i> |
| <i>The Board will be asked to review and discuss the proposed amendments to the CSURMA Joint Exercise of Powers Agreement and Bylaws and adopt Resolutions No. 02-15 (BOD) to adopt the proposed amendments.</i> | | |
| 10. Liability Claims Administration Audit Results | I | <i>p.194</i> |
| <i>The Board will be asked to review the Liability Claims Administration Audit Report</i> | | |
| 11. Integrated CSU Administrative Manual | I | <i>p.283</i> |
| <i>The Board will review the two new ICSUAM policies which were adopted by the Executive Committee</i> | | |
| 12. CSURMA Master Investment Policy and Related Investment Policies | I | <i>p.295</i> |
| <i>The Board will review the amendments to CSURMA's Master Investment Policy which were approved by the Executive Committee</i> | | |

- 13. Workers' Compensation Program Claims Closure Initiative Update** I p.322
The Committee will hear an update regarding the recent activities within the Workers' Compensation Double-Play initiative
- E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS**
- 1. AORMA Programs Update** I p.324
The Board will receive a verbal report on the AORMA programs.
- F. CLOSED SESSION Pursuant to Cal. Gov. Code Sec. 11126(e)(1) & 11126(f)(1)**
Action may be taken per Government Code Section 11126(e)(1) & 11126(f)(1). Please refer to the below list of claims that may be discussed. The Committee may assess and evaluate pending claims and related issues and take action or provide direction to Staff regarding the litigation described below.
- No items are scheduled for closed session at today's meeting.*
- G. INFORMATION ITEMS**
- 1. Agility Recovery** I p.325
The Board will hear an overview of the Agility primary disaster recovery and business continuity solution available to campus and auxiliary organizations effective July 1, 2015
- 2. CSU / UC Workers' Compensation Summit** I p.337
The Board will hear an overview of the CSU / UC Workers' Compensation Summit
- 3. Status of Form 700 Filings** I p.338
The Board will receive a status report on the Form 700 filing process.
- 4. Review of Auxiliary Service Provider Report** I p.339
The Board will receive a report from Systemwide Risk Management on the CSURMA Vendor Survey.
- 5. CSURMA Administrative Service Calendar** I p.346
The Board will review the CSURMA Administrative Service Calendar.
- 6. CSURMA Board of Directors and Staff Contact List** I p.351
The Board will be asked to review the CSURMA Board of Directors contact information and provide Staff with revisions.

H. PRESENTATIONS

No presentations are scheduled for this meeting.

I. ADJOURNMENT

The next Board of Directors meeting is scheduled for October 23, 2015 at 10:30am in Long Beach, CA. Please contact Mimi Long mlong@alliant.com or Tevea Him thim@alliant.com with questions.

APPROVAL OF THE AGENDA

ISSUE: The Board of Directors will be asked to approve the agenda for today's meeting.

RECOMMENDATION: The Board of Directors is asked to review and approve the proposed agenda before discussion of any business.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

APPROVAL OF MINUTES – OCTOBER 24, 2014

ISSUE: The Board of Directors will be asked to review and approve the draft minutes from its October 24, 2014 meeting.

RECOMMENDATION: It is recommended that the Board of Directors approve the minutes from its October 24, 2014 meeting, including corrections as necessary.

FISCAL IMPACT: None.

BACKGROUND: The minutes reflect the actions taken by the Board of Directors at its last meeting.

PUBLICATION: These minutes are posted on the CSURMA website.

ATTACHMENT(S):

- a. CSURMA Board of Directors Meeting Minutes – October 24, 2014

**MINUTES OF THE
CSURMA BOARD OF DIRECTORS MEETING**

October 24, 2014

**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 10:33 a.m. by Cynthia Teniente-Matson

A1. Approval of the Agenda

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

MOTION: George Ashkar

SECOND: Mike Lee

Motion carried.

PUBLIC COMMENTS

There were no public comments.

B. CONSENT CALENDAR

C1. Approval of Minutes – May 9, 2014

C2. Treasurer's Report at September 30, 2014

C3. Adoption of CSURMA 2015 Meeting Calendar

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

MOTION: Guy Dalpe

SECOND: George Ashkar

Motion carried.

C. GENERAL ADMINISTRATION

D1. Independent Auditor's Financial Audit Report as of June 30, 2014

Cynthia Teniente-Matson introduced Chris Ray from KPMG who presented the audit findings. KPMG’s audit resulted in an unmodified and clean opinion. Ray discussed the required communications including the significant accounting policies to which CSURMA is in compliance. With regard to the qualitative aspects of accounting practices, CSURMA has no unusual transactions or those for which there is no authoritative literature. The audited financial statement is in a net position. The statement of revenue which shows what happened during the year has a clean opinion. Judgements and IBNR’s are included in the financials. The audit included one reclassification of premium to reinsurance.

Ray noted that Footnote 5 indicates that CSURMA establishes liability for both reported and unreported events, which includes estimates of both future payments of loss and loss adjustment expenses. This is specifically required due to the nature of CSURMA. The actuary’s data has now been audited by the financial auditor. The Committee reviewed schedules 1 – 10 which breakdown the costs for each program.

A motion was made to accept the financial statement for the period ending June 30, 2014.

MOTION: Frank Mumford

SECOND: George Ashkar

Motion carried.

D2. Campus Risk Pool Funding Program Year FY 15/16

D2a. Review of Draft Actuarial Reports for General Liability, Workers’ Compensation and Athletic Injury Medical Expense (AIME) Programs

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

The Actuary’s findings and recommendations include:

Campus Liability

1. Projected Ultimate Limited Losses increased slightly by 1.2% for FY 15/16.
2. Loss Funding at 70% actuarial confidence increased from \$13,953,600 (FY 14/15) to \$14,117,400 (FY 15/16).

Campus WC

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

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

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

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

A motion was made to accept the Actuarial Reports for General Liability and Workers' Compensation Programs.

MOTION: Mike Lee

SECOND: Mike Thorpe

Motion carried.

D2b. Recommendation of FY 15/16 Campus Coverage Programs Pooled Program Gross Funding

Rob Leong explained that the Executive Committee is recommending adoption of the rates and funding for the upcoming fiscal year as shown below. The Program Administrator has prepared the FY 2015/16 draft calculations using the draft actuarial reports dated July 31, 2014.

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

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

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

Campus Coverage Programs Funding Comparison

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

Present Value Discount = \$2,275,671

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

A motion was made to approve the FY 15/16 undiscounted program funding at \$77,023,277 as presented in the table above.

MOTION: Kurt Borsting
SECOND: Frank Mumford

Motion carried.

D3. Approval of Campus Risk Pools Dividends and Assessments

Rob Leong explained that CSURMA adopted three ratios which are used to determine the maximum dividend available to be released. The Premium to Surplus ratio is a measure of how surplus is leveraged against possible pricing inaccuracies. The Surplus to Retention ratio is a measure of the maximum amount that surplus could decline due to a single loss. The Outstanding Reserves to Surplus ratio is a measure of how surplus is leveraged against possible reserve inaccuracies. Based on these ratios, the workers' compensation program and the IDL/NDL/UI programs do not have enough surplus to recommend a dividend. Within the liability program, there is an opportunity to release a dividend.

Leong noted historically the practice has been to declare a dividend of up to fifty percent (50%) of unencumbered program funds where available and an assessment to cover existing and anticipated funding shortfalls for funds that have a negative fund balance.

Pursuant to proposed Policy and Procedure No. 14, the Executive Committee is recommending that the Board approve the dividends noted below.

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

A motion was made to approve the liability program dividend in the amount of \$8,677,518.

MOTION: George Ashkar

SECOND: Mike Thorpe

Motion carried.

D4. Evaluation of Primary Coverage Program for Worker's Compensation

Cynthia Teniente-Matson asked Daniel Howell to summarize this item and to introduce the CSAC EIA guests. Howell explained that CSURMA has generally taken the approach of retaining risk when it could do so at a lower cost than risk transfer. From July 1, 2008 to June 30, 2011, the CSURMA Executive Committee authorized the purchase of a primary reinsurance program for the Campus Workers' Compensation Risk Pool since the risk transfer was less expensive than the cost projected by CSURMA's actuary. After June 30, 2011, the cost of risk transfer exceeded the CSURMA actuary's projection of the cost to retain the risk, so the reinsurance program was discontinued.

In March 2014, staff received interest from the CSAC Excess Insurance Authority (EIA) to offer a primary coverage program to both the Campus Workers' Compensation Risk Pool and the AORMA Workers' Compensation Program. Several meetings have taken place to determine the viability of CSURMA participation in the CSAC EIA program, and operational hurdles have been addressed so that participation would be transparent to the campuses and auxiliary organizations.

Howell introduced Mike Fleming from CSAC EIA, Gordon DesCombes from Alliant Insurance Services, Inc. and Lilian Vanvieldt from Alliant Insurance Services, Inc. who provided an overview of the workers' compensation proposal. CSAC EIA was formed in 1979 and is one of

the oldest JPAs in California. The excess workers' compensation program was the first CSAC EIA program. Originally CSAC EIA was only available to counties; now all JPAs within California can join. CSAC EIA has been accredited with excellence by CAJPA since 1989. It has also been accredited by AGRIP since 2010. CSAC EIA currently has 55 county members and 254 public entity members (some of these members are JPAs.) There are 15 active committees offering member participation. The proposed premium is for an 18 month term beginning January 1, 2015. The financial terms of CSAC EIA's proposal are summarized below. Flemming mentioned that CSAC EIA has not approved the administration charge for FY 14/15, so it's possible that the premium could go up by \$3,000 to \$4,000. Also, the CSAC EIA underwriting committee would need to make the final approval; however, they have reviewed the original CSURMA submission and Flemming does not anticipate any issues.

EIA Proposed Coverage Program Compared to CSURMA Actuarial Cost*

18 months	Campus	AORMA	Total
CSURMA Agreed			
Actuarial Funding:	\$ 42,336,525	\$ 4,781,875	\$ 47,118,400
CSAC EIA Primary:	\$ 22,237,435	\$ 2,287,055	\$ 24,524,490
CSAC EIA EWC:	\$ 13,981,931	\$ 1,438,001	\$ 15,419,932
CSAC EIA Total:	\$ 36,219,366	\$ 3,725,056	\$ 39,944,422

*actuarial cost from Aon studies valued at June 30, 2014.

Howell noted that due to financial considerations, the AORMA WC program can only participate in this risk transfer if the Campus Workers' Compensation Risk Pool also participates. Howell let the Board know that the AORMA Committee, at its meeting yesterday, delegated authority to the Executive Committee to make the final decision and execute the participation documents, if appropriate.

Howell explained how CSAC EIA would be different from SELF. Howell noted that CSAC EIA may assess each member as well; however, the problems with SELF resulted from a number of issues. The excess workers' compensation pool had an extremely low self-insured retention, and the rating did not include member experience modifications factors. Because of this, the members with the low loss ratios left the program and the members with the high loss ratios stayed. This created adverse selection. Also, SELF did not audit the members' claims administrators and had only one claims consultant on staff to oversee the claims administration of all of the members. CSAC EIA does include an experience modification factor in each member's premium calculation. CSAC EIA audits each member's claims administrator to verify that the claims are being reserved appropriately and that claims are being administered effectively every other year. Also, SELF required a six month notice of cancellation which made leaving the program difficult. CSAC EIA requires only 60 days' notice of cancellation and the

notice of cancellation is rescindable. CSAC EIA also has seven staff members who are devoted to loss control.

Howell explained that the Executive Committee did not feel that they had sufficient time to make a final recommendation to the Board with regard to participation in the CSAC EIA workers' compensation program. Instead, they asked that this same information be presented to CSURMA Board. The Executive Committee will ask the Board to delegate authority to the Executive Committee to make the final decision and to execute the participation documents if appropriate.

A motion was made to delegate authority to the Executive Committee to make the final decision and to execute the participation documents if appropriate.

MOTION: John Beisner

SECOND: Mike Thorpe

Motion carried.

D5. Review of FY 14/15 Long Range Planning Goals

Daniel Howell updated the Board of some of the long range planning goals. LRP-3 – The workers' compensation claims closure initiative continues. Sedgwick, Systemwide Risk Management and Alliant staffs have had a few meeting with the contract closure attorney. The Executive Committee will be receiving updates at every meeting. LRP-5 – the Executive Committee delegated authority to the Chancellor's Office to renew the OCIP program. LRP-7 – staff is currently reviewing the Travel Accident Coverage as an extension to the student placement agreements.

D6. Approval of the Policy and Procedure No. 22 – Claims Handling Guidelines

Daniel Howell explained that CSURMA has developed claims process policies and procedures for CSURMA's self-insured programs. These policies and procedures go beyond the coverage documents to describe such things as claims reporting, roles and responsibilities, and handling of disputes. For insured programs, members have followed traditional insurance industry practices and resolved complex matters on a case by case basis. The Program Administrator has developed the proposed Policy and Procedure No. 22 – Claims Handling Guidelines. It is worded broadly and allows that more specific policies and procedures may be adopted for programs.

The Board reviewed the policy and procedure and noted that "claims representative" is included in the wording, but there is no reference as to who the "claims representative" is for the various programs. It was suggested that the wording, "... as identified in the policy summary within the program manual" be added to the policy and procedure so that members will know who to contact should an incident or claim occur. Howell agreed to revise the policy and procedure as recommended.

A motion was made to approve Policy and Procedure No. 22 with the revision noted above.

MOTION: Frank Mumford

SECOND: John Beisner

Motion carried.

D7. Approval of Concussive Injury Mitigation Training

Zachary Gifford let the Committee know that working with Dr. Ortega at Humboldt State University, a CSU campus concussion needs assessment was completed. Based on the results of the survey, Systemwide Risk Management, CSURMA counsel, Ortega and the Program Administrators will be working towards enhancing concussion management good practices systemwide, with a particular focus on sports club activities and intramurals. This will initially be completed by developing materials and content for regional and/or campus workshops pertaining to “good practices in concussion management.” Ortega has confirmed his availability to speak at the 2015 Fitting the Pieces Together Conference.

Working with Systemwide Professional Development, Systemwide Risk Management will assess the need and feasibility of developing one or more online concussion related learning modules for CSU staff, faculty and students. Going forward and based on the results of the needs assessment while gauging the needs and interest from individual CSU campus communities, we will explore the development of supplemental resource materials.

Potential costs are initially expected to be moderate and the Board is being asked to delegate authority to the Secretary-Auditor to approve expenditures not to exceed a gross of \$10,000 related to the development and deployment of the above initiatives. This would include but not limited to costs from Systemwide Professional Development, additional consultations for Ortega, as well as workshops, etc.

A motion was made to authorize the Secretary-Auditor to expend up to \$10,000 for implementation of the proposed concussion management training.

MOTION: Mike Thorpe

SECOND: Mike Lee

Motion carried.

E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

E1. AORMA Programs Status Report

Robert de Wit updated the Board on the recent activities of the AORMA 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. Howell noted the Board's interest in having audio links included in the report. Staff will review this request and include in next year's stewardship report if feasible.

G2. Fitting the Pieces Together Conference 2015

Zachary Gifford updated the Board on the Fitting the Pieces Together Conference. CSURMA sponsors the Fitting the Pieces risk management conference that is developed and delivered by the Chancellor's Office Systemwide Office of Risk Management. The historical schedule has been once every 18 months. The last conference was November 6-8, 2013, and the Chancellor's Office has begun work on a conference in Spring 2015 that would incorporate CSURMA's regular Board meeting to minimize travel expenses and time commitments.

The dates of the conference are Monday, April 27 through Wednesday, April 29, 2015 at the San Diego Sheraton Hotel & Marina.

G3. Status of Form 700 Filings

Daniel Howell reviewed the item with the Board of Directors. He stressed the importance of timely filing of the Form 700 with the FPPC to avoid fines and penalties. If you are assuming or leaving office, please let the Program Administrators know as soon as possible, to help you complete the necessary paperwork.

G4. Foreign Travel Approval and Tracking Process

The Board reviewed the new foreign travel approval and tracking process. Effective January 1, 2015, Campus Presidents will be authorized to delegate approval of all international travel except to "war risk" countries requiring underwriter approval. Campuses will be referred to the Chancellor's Office for prior approval on all travel to countries designated "war risk" by FTIP underwriters. All international travel must be registered by the Campus Presidents or designee via an on-line questionnaire. The questionnaire will include basic information relative to destinations, activities, traveler contact information and modes of transport, with additional risk management related questions for travel to designated high hazard and "war risk" countries.

Also, overlay coverage has been created to cover gaps in insurance coverage for CSU-approved independent study abroad program vendors who require their participants to purchase insurance provided by their programs. The “overlay coverage” would be purchased for CSU-approved independent study abroad programs to cover the gaps in coverage.

It is expected that the process changes and registration portal will be implemented at January 1, 2015. CSURMA has developed a travel registration portal at the csurma.org website. The portal will (1) register the campus approved travel, (2) refer “war risk” travel to the Chancellor’s Office and (3) calculate premium charges.

G5. CSURMA Administrative Service Calendar

Daniel Howell directed Board’s attention to the CSURMA Administrative Services Calendar contained in the agenda packet. He encouraged everyone to review the Administrative Services Calendar as part of their fiduciary responsibility as Board members.

G6. 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.

H. PRESENTATIONS

H1. Prevention of Sexual Misconduct and Abuse of Minors

Cynthia Teniente-Matson introduced Aaron Lundberg and Candace Collins from Praesidium Inc. who provided an overview of the Prevention of Sexual Misconduct and Abuse of Minors risk management service available to campus and auxiliary programs serving minors. Two services are now available. The online self-assessment tool which helps each program identify program specific strengths and potential gaps in eight operations – policies, screening and selection, training, monitoring and supervision, consumer participation, internal feedback systems, responding, and administrative practices. These operations comprise the Praesidium Safety Equation. The risk manager or program director should complete the online self-assessment. The assessment results are based on a 100 point scale that provides information on where gaps exist. In addition to the online self-assessment, six online training courses are available; the training can be accessed via SkillPort for state employees, and directly through Praesidium for auxiliary organization staff.

H2. Presentation on CSURMA Cyber Coverage Program

Daniel Howell presented information regarding the enhanced Cyber Liability Coverage Program. At the direction of the Chancellor, CSURMA engaged a consultant to evaluate the scope of CSU’s insurable cyber risk exposures. As a result of that project, the Executive Committee delegated authority to the CSURMA Secretary/Auditor to bind coverage with the most competitive coverage for a broader cyber coverage program at renewal. Upon review of the

proposals, the Secretary/Auditor directed binding coverage with Beazley Underwriters of Lloyds. The enhanced policy includes a core limit of \$2,000,000 per event and program aggregate of \$20,000,000. It also includes up to 2 million notifications upon discovery of a breach (this cost is outside of core limit) and \$1,000,000 for legal and forensic services (this cost is also outside of core limit.) CSURMA member will have access to the Beazley Breach Response suite of services which include - loss prevention, incident response and legal services.

H3. Demonstration of Updated CSURMA Website

Melissa Diaz provided a brief overview of the updated CSURMA website.

H4. Ironshore’s Crisis ThreeSixty Crisis Management Resources

Melissa Diaz presented the Crisis ThreeSixty crisis management resource that is now available to CSURMA. Crisis ThreeSixty is a policy enhancement already built into the CSURMA Ironshore Casualty Policy. The coverage that is currently available to the members of CSURMA.

Under the Crisis ThreeSixty policy enhancement, a Crisis is defined as a man-made disaster like an explosion, a major crash, multiple deaths, burns, dismemberment, traumatic brain injury, permanent paralysis, or contamination of food or drink. This coverage is regardless of fault. Property crisis communication is crisis management. Crisis ThreeSixty will give the CSURMA members access to a Crisis Management Partner, the Abernathy MacGregor Group, which is a consultant. They are experienced crisis communication partners and will be able to guide CSURMA members through any crisis.

Crisis ThreeSixty provides up to a total of \$150,000 on a first-dollar basis following a crisis event. Any reasonable and necessary fees associated with the Crisis Management Partner, Abernathy Group, are covered up to \$50,000. The partner fees incurred may include phone calls, travel expenses, next steps, internal counseling to CSU Risk Managers and other staff on what to say to affected families of a crisis; monitoring the press, watching what is being posted on social media platforms, printing, advertising, mailing of materials, etc. Additionally, any pre-approved expenses may include psychological counseling, temporary living, medical, funeral or travel expenses up to \$100,000.

To be eligible for Crisis ThreeSixty coverage, a crisis event must be reported within 24 hours or as soon as practicable thereafter, by calling the Ironshore 24 hour, 7 day a week Emergency Response Hotline. This feature is really meant for the immediate need, not 3-5 days after a crisis has occurred. The official process of triggering coverage and the order in which others should be notified has not been solidified, but initial thoughts are that following the first call to Ironshore, both Systemwide Risk Management should be contacted and involved, as well as Bob Frey and Martin Fox with the Alliant Claims Team.

Matson suggested that this item be included in the next CABO meeting agenda.

I. ADJOURNMENT

A motion was made to adjourn the meeting at 1:23 PM.

MOTION: Frank Mumford

SECOND: Mike Thorpe

**CSURMA BOARD OF DIRECTORS MEETING
ATTENDANCE**

October 24, 2014

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

10:30 AM

Board Representative or Alternate Present:

Representative /Alternate	Member	Organization	Present
Representative	Kellie Garcia	California State University, Bakersfield	
Alternate	Tim Ridley	California State University Bakersfield	X
Representative	George V. Ashkar	CSU Office of the Chancellor	X
Alternate	<i>Vacant</i>	<i>CSU Office of the Chancellor</i>	
Representative	Katharine Hullinger	California State University, Channel Islands	X
Alternate	Bill Kupfer	California State University, Channel Islands	
Representative	Michael Thorpe	California State University, Chico	X
Alternate	Lorraine B. Hoffman	California State University, Chico	
Representative	<i>Vacant</i>	<i>California State University, Dominguez Hills</i>	
Alternate	Jeff Wood	California State University, Dominguez Hills	X
Representative	Nyassa Love	California State University, East Bay	
Alternate	Brad Wells	California State University, East Bay	
Representative	Cynthia Teniente-Matson	California State University, Fresno	X
Alternate	Lisa Kao	California State University, Fresno	
AORMA Rep	Keith Kompsi	Fresno Association Inc., CSU Fresno	X
Representative	Lori Gentles	California State University, Fullerton	
Alternate	John Beisner	California State University, Fullerton	X
AORMA/EC	Frank Mumford	CSU Fullerton Auxiliary Services Corporation	X
AORMA Rep	Kurt Borsting	Titan Student Union, CSU Fullerton	X
Representative	Michael Burghart	Humboldt State University	X
Alternate	Joyce Lopes	Humboldt State University	
Representative	Mary Stephens	California State University, Long Beach	
Alternate	Felissa Waynick	California State University, Long Beach	
AORMA/EC	Robert de Wit	Forty-Niner Shops, Inc., CSU, Long Beach	X
AORMA Rep	Brian Nowlin	California State University, Long Beach Foundation	X
Representative	Lisa Chavez	California State University, Los Angeles	X
Alternate	Kevin Brady	California State University, Los Angeles	X
Representative	Vineeta Dhillon	California Maritime Academy	
Alternate	Kurtis Lohide	California Maritime Academy	
Representative	Kevin Saunders	California State University, Monterey Bay	
Alternate	Lenore Reed	California State University, Monterey Bay	X
AORMA Rep	Gigi Kiama	University Corporation, CSU Monterey Bay	X



California State University Risk Management Authority

DRAFT

Representative /Alternate	Member	Organization	Present
Representative	Jody Van Leuven	California State University, Northridge	X
Alternate	Jason Wang	California State University, Northridge	
Alternate	Ron Norton	California State University, Northridge	
Representative	Sharon Reiter	California State Polytechnic University, Pomona	X
Alternate	Valerie Eberle	California State Polytechnic University, Pomona	X
AORMA Rep	Haleh Minakary	The Cal Poly Pomona Foundation, Inc.	
Representative	Mike Lee	California State University, Sacramento	
Alternate	Kirtland Stout	California State University, Sacramento	X
AORMA Rep	Leslie Davis	University Union Operation of CSUS, Inc.	X
Representative	Debbie Burns	California State University, San Bernardino	X
Alternate	Douglas Freer	California State University, San Bernardino	
AORMA Rep	Mark Day	Santos Manuel Student Union of California State University, San Bernardino	X
Representative	Thomas McCarron	San Diego State University	
Alternate	Jessica Rentto	San Diego State University	X
AORMA Rep	Melinda Coil	San Diego State University Research Foundation	X
Representative	Ronald Cortez	San Francisco State University	
Alternate	Michael Martin	San Francisco State University	X
AORMA Rep	Guy Dalpe	Cesar Chavez Student Center, San Francisco	X
Representative	Mark Loftus	San Jose State University	
Alternate	Josee Larochelle	San Jose State University	
Representative	Dru Zachmeyer	California Polytechnic State University, San Luis Obispo	X
Alternate	David Ragsdale	California Polytechnic State University, San Luis Obispo	
AORMA Rep	Dwayne Brummett	Associated Students, Inc., Cal Poly San Luis Obispo	
Representative	Linda Hawk	California State University, San Marcos	
Alternate	<i>Vacant</i>	<i>California State University, San Marcos</i>	
Representative	Tyson Hill	Sonoma State University	
Alternate	<i>Vacant</i>	<i>Sonoma State University</i>	
Representative	Amy Thomas	California State University, Stanislaus	
Alternate	Julie Benevedes	California State University, Stanislaus	

Staff, Guests and/or Consultants Present:

Candace Collins – Praesidium
 Kelly Cox - CSU Office of the Chancellor
 Gordon DesCombes - Alliant Insurance Services, Inc.
 Melissa Diaz - Alliant Insurance Services, Inc.
 Mike Fleming - CSAC EIA
 Zachary Gifford - CSU Office of the Chancellor
 Jacki Graf - Alliant Insurance Services, Inc.
 Daniel Howell - Alliant Insurance Services, Inc.
 William Hsu - CSU Office of General Counsel
 Alice Kim, CSU Office of the Chancellor
 Robert Leong - Alliant Insurance Services, Inc.
 Mimi Long - Alliant Insurance Services, Inc.
 Aaron Lundberg – Praesidium
 Chris Ray - KPMG



California State University Risk Management Authority

DRAFT

Steve Relyea - CSU Office of the Chancellor
Rebecca Skidmore - CSU Office of the Chancellor
Kirtland Stout - CSU Sacramento
Liliana Vanvieldt - Alliant Insurance Services, Inc.

TREASURER'S REPORT AT DECEMBER 31, 2014

ISSUE: California Government Code Section 53646(b)(1) requires that the CSURMA Treasurer submit a Quarterly Investment Report stating that all investments are in compliance with the current investment policy and that CSURMA has sufficient funds to meet its expenditure requirements for the next six months. The Board is asked to review the Quarterly Investment Report ending December 31, 2014. The CSURMA Treasurer will be on hand to answer questions

RECOMMENDATION: Staff recommends the Board accept the Quarterly Investment Report ending December 31, 2014, as presented at today's meeting.

FISCAL IMPACT: None.

BACKGROUND: The objective of reviewing the investment of funds is to assure that policies and procedures are in effect to protect and preserve the JPA's financial assets.

PUBLICATION: None.

ATTACHMENT(S):

- a. Certification of Funds Letter dated March 4, 2015
- b. Quarterly Investment Report Ending December 31, 2014

Officers

Linda Hawk
Acting Chair

George V. Ashkar
Treasurer

Robert Eaton
Secretary-Auditor

To: Executive Committee
CSU Risk Management Authority

From: George V. Ashkar
Treasurer
CSU Risk Management Authority

Re: Quarterly Investment Report
Ending December 31, 2014

Date: March 4, 2015

Government Code Section 53646(b)(1) requires the Authority's Treasurer to submit to the legislative body (Executive Committee), a quarterly investment report. Attached is the quarterly investment report ending December 31, 2014. The report contains a portfolio summary which includes market value, return, yield, weighted average to maturity (WAM), and duration for each of CSURMA Investment Portfolios: Fixed Income Portfolio with Morgan Stanley-Smith Barney and CSU's Consolidated Investment Pool.

The funds held in investments are sufficient to meet the Authority's cash-flow needs for the following six (6) months. The investments are in accordance with the investment policy of the Authority, as duly authorized by the Executive Committee.



George V. Ashkar
Treasurer
CSU Risk Management Authority

CSURMA

Quarterly Investment Report

October 1, 2014 - December 31, 2014

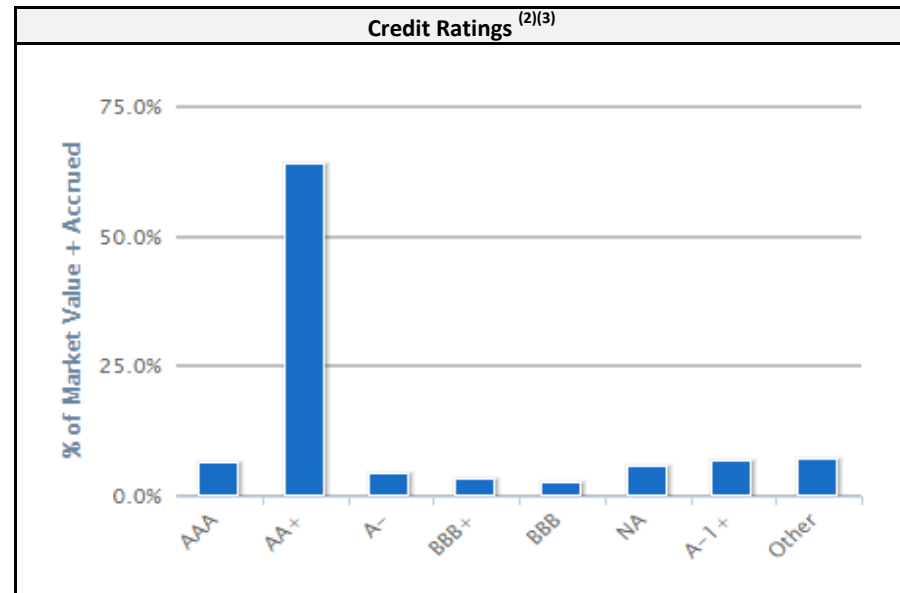
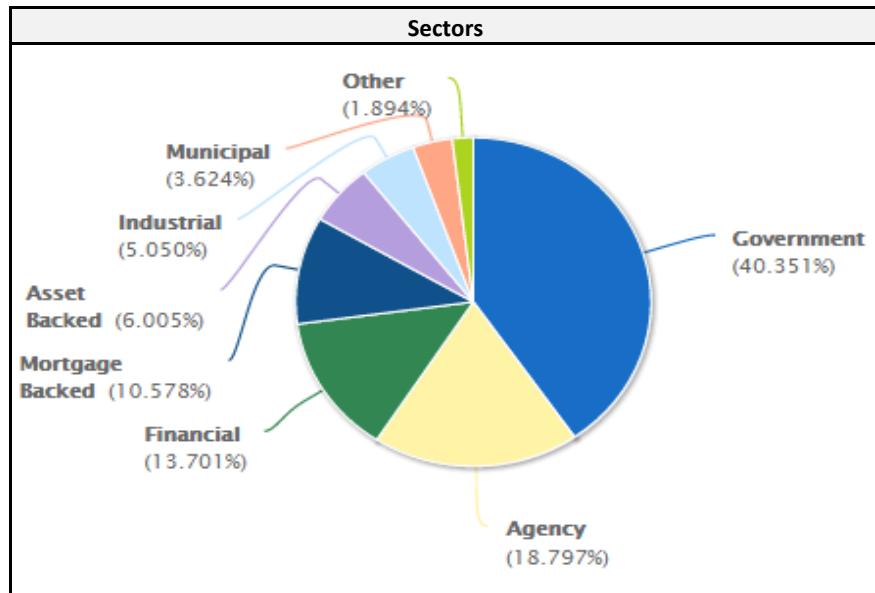
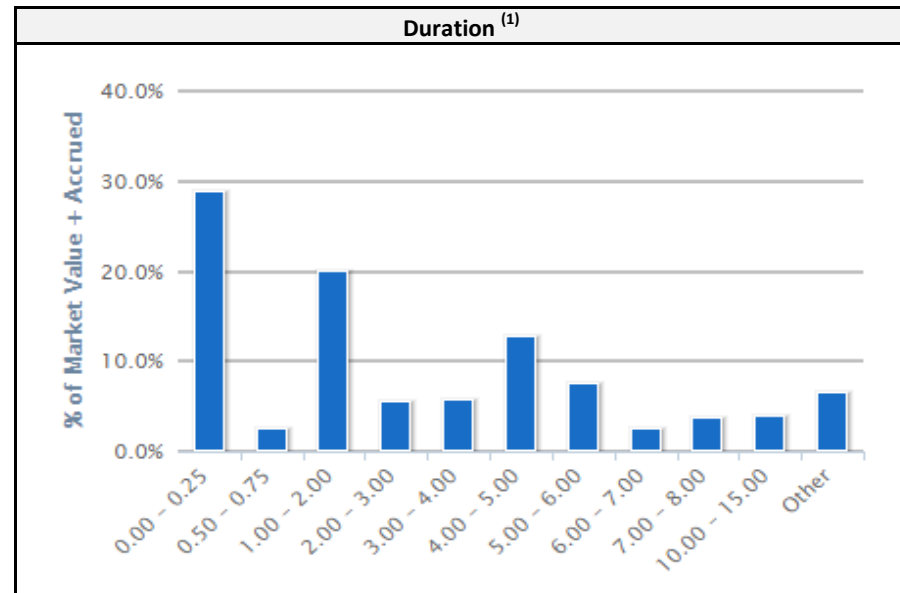
Prepared by Treasury

California State University Risk Management Authority

Fixed Income Portfolio (Auxiliary Investment Platform)

As of 12/31/2014

Portfolio Summary Total	
Total Assets	129,736,795
Duration	2.931
Yield	1.399
Avg Credit Rating	AA-/Aa3
QE Performance	0.730%



(1) The other category combines duration ranges and in aggregate equal 6.588% of the portfolio

(2) The other category contains assets that do not fall within the top seven credit ratings. These assets make up 5.348% of the portfolio

(3) Clearwater grouped short term A-1+ securities with long term securities into the AAA which they deemed comparable credit rating groupings. This has been requested to be parsed out for future reports

California State University Risk Management Authority

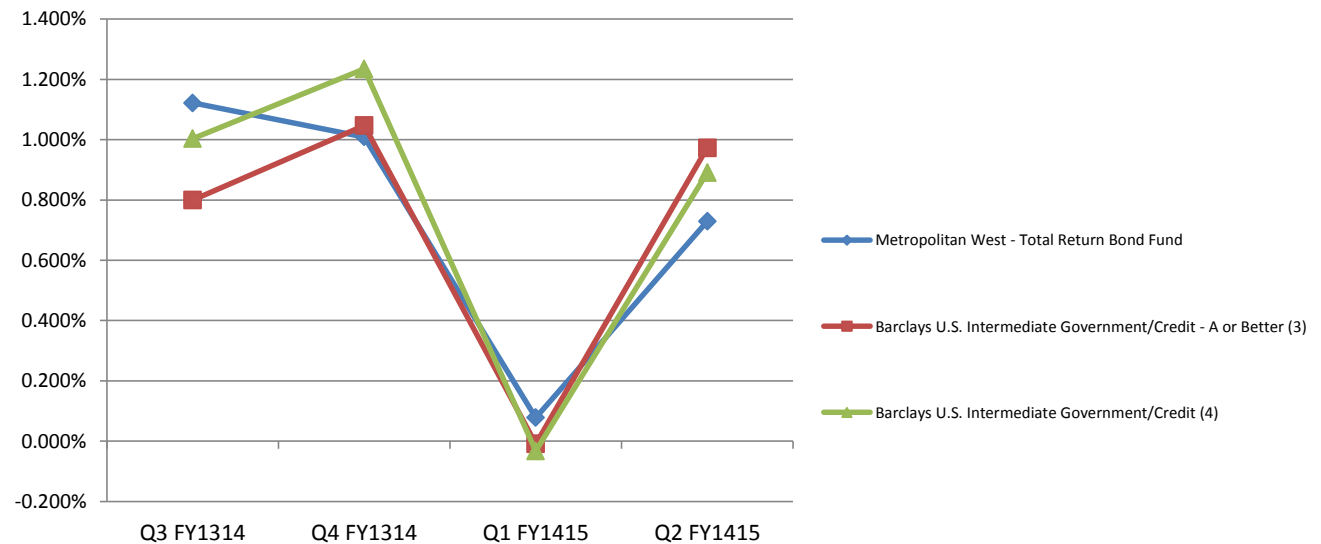
Fixed Income Portfolio (Auxiliary Investment Platform)

Performance Summary

Period Ending 12/31/2014

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	12/31/2014	10/01/14 - 12/31/14	01/01/14 - 12/31/14	01/01/12 - 12/31/14	01/01/10 - 12/31/14	07/01/08 - 12/31/14			
Metropolitan West - Total Return Bond Fund	129,736,795	0.730%	2.968%	1.866%	3.308%	4.498%	1.399	6.361	2.931
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾		0.973%	2.840%	1.639%	3.197%	3.332%	1.445	4.030	3.760
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾		0.891%	3.128%	2.029%	3.538%	3.768%	1.680	3.890	4.220

Account / Index	Q3 FY1314	Q4 FY1314	Q1 FY1415	Q2 FY1415	Trailing 12 Month ⁽¹⁾
	01/01/14 - 03/31/14	04/01/14 - 06/30/14	07/01/14 - 09/30/14	10/01/14 - 12/31/14	01/01/14 - 12/31/14
Metropolitan West - Total Return Bond Fund	1.122%	1.009%	0.078%	0.730%	2.968%
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾	0.800%	1.047%	-0.009%	0.973%	2.840%
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾	1.003%	1.235%	-0.032%	0.891%	3.128%



(1) Represents Total Return on the portfolio (Income Return plus Price Return)

(2) Weighted Average Maturity

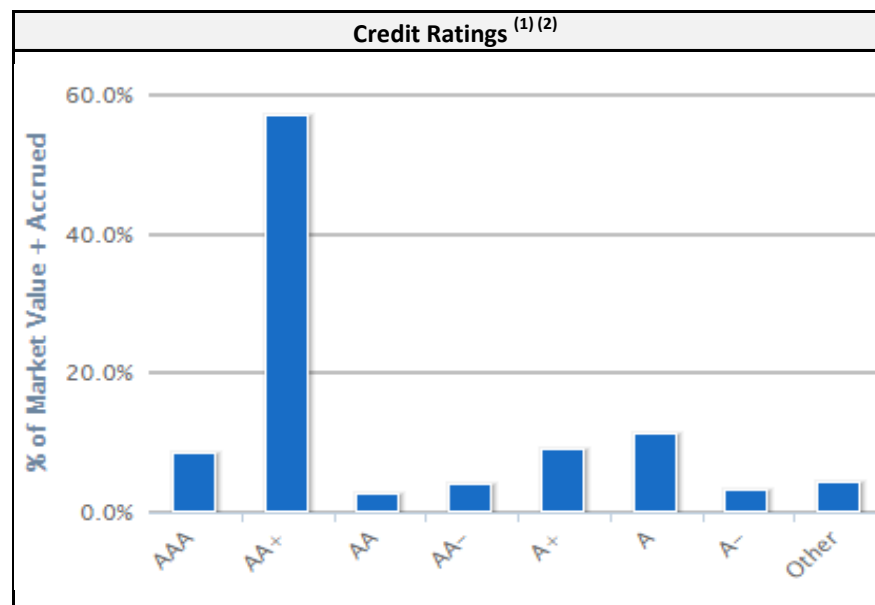
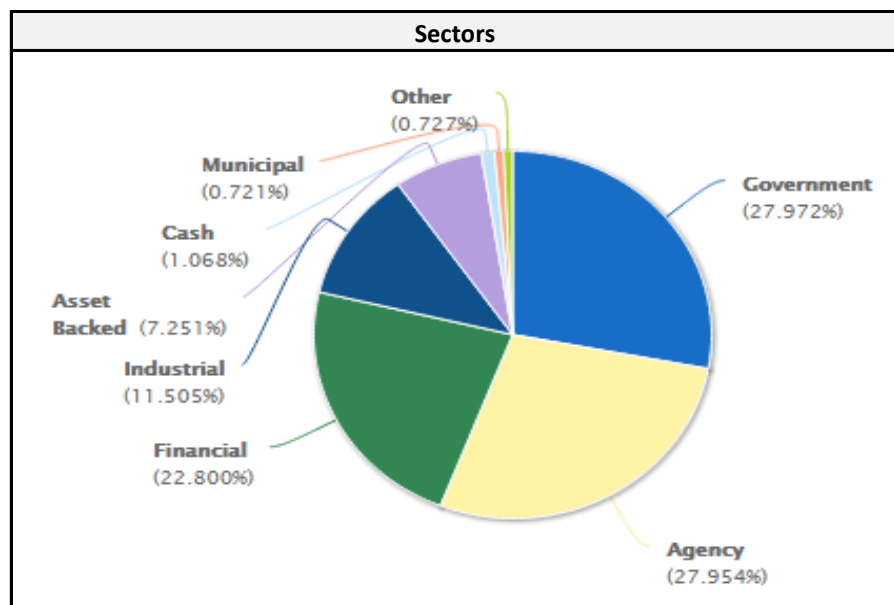
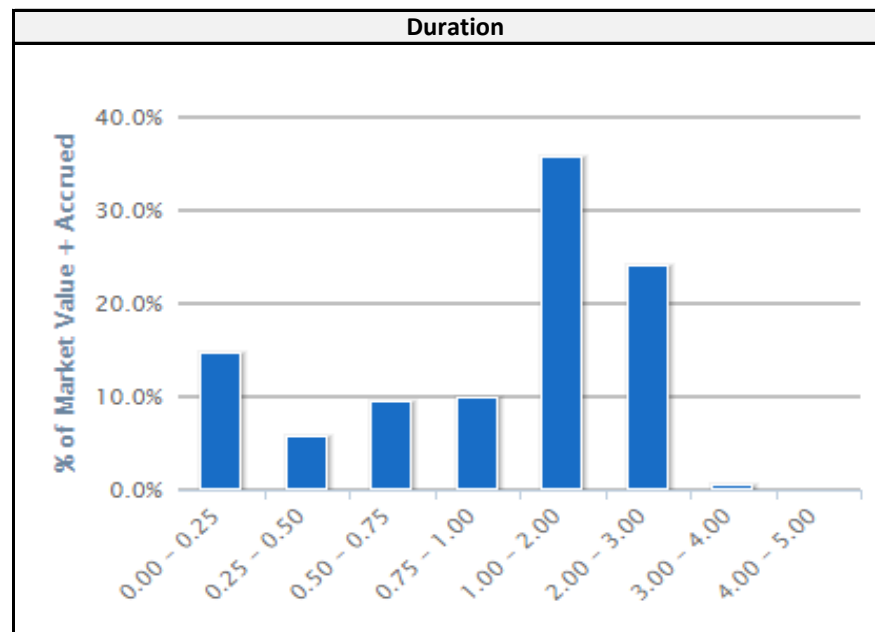
(3) Portfolio Benchmark as of 05/2014.

(4) Portfolio Benchmark prior to 05/2014.

California State University SWIFT Portfolio

As of 12/31/2014

Portfolio Summary Total	
Total Assets	67,718,340
Duration	1.322
Yield	0.658
Avg Credit Rating	AA-/Aa3
QE Performance	0.156%



⁽¹⁾ The other bucket contains assets that do not fall within the top seven credit ratings. These assets make up 4.321% of the portfolio

⁽²⁾ Clearwater grouped short term A-1+ securities with long term securities into the AAA which they deemed comparable credit rating groupings. This has been requested to be parsed out for future reports

California State University Risk Management Authority

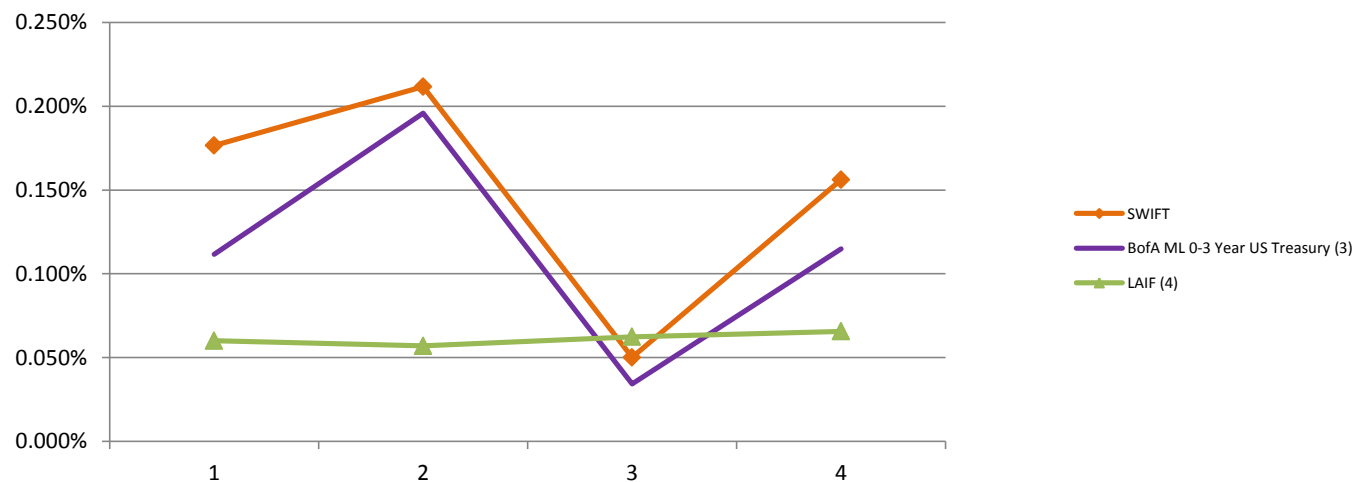
SWIFT Portfolio

Performance Summary

Period Ending 12/31/2014

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	12/31/14	10/01/14 - 12/31/14	01/01/14 - 12/31/14	01/01/12 - 12/31/14	01/01/10 - 12/31/14	07/01/07 - 12/31/14			
SWIFT - CSU Systemwide Investment Fund Trust	67,718,340	0.156%	0.596%	0.650%	0.593%	1.400%	0.658	1.624	1.322
BofA ML 0-3 Year US Treasury ⁽³⁾		0.115%	0.457%	0.368%	0.819%	1.905%	0.513	1.479	1.450
LAIF - Local Agency Investment Fund ⁽⁴⁾		0.066%	0.245%	0.291%	0.369%	1.171%	0.263		

Account / Index	Q3 FY1314	Q4 FY1314	Q1 FY1415	Q2 FY1415	Trailing 12 Month ⁽¹⁾
	01/01/14 - 03/31/14	04/01/14 - 06/30/14	07/01/14 - 09/30/14	10/01/14 - 12/31/14	01/01/14 - 12/31/14
SWIFT	0.177%	0.212%	0.050%	0.156%	0.596%
BofA ML 0-3 Year US Treasury ⁽³⁾	0.112%	0.196%	0.034%	0.115%	0.457%
LAIF ⁽⁴⁾	0.060%	0.057%	0.062%	0.066%	0.245%



(1) Represents Total Return on the portfolio (Income Return plus Price Return)

(2) Weighted Average Maturity

(3) SWIFT Portfolio Benchmark

(4) LAIF returns calculated by CSUCO Treasury

**REPORT ON PRIMARY COVERAGE PROGRAM
FOR WORKERS' COMPENSATION**

ISSUE: CSURMA has generally taken the approach of retaining risk when it could do so at a lower cost than risk transfer. From July 1, 2008 to June 30, 2011, the CSURMA Executive Committee authorized the purchase of a primary reinsurance program for the Campus Workers' Compensation Risk Pool since the risk transfer was less expensive than the cost projected by CSURMA's actuary. After June 30, 2011, the cost of risk transfer exceeded the CSURMA actuary's projection of the cost to retain the risk, so the reinsurance program was discontinued.

In March 2014, staff received interest from the CSAC Excess Insurance Authority (EIA) to offer a primary coverage program to both the Campus Workers' Compensation Risk Pool and the AORMA Workers' Compensation Program. Several meetings took place to determine the viability of CSURMA participation in the EIA program, and operational hurdles were addressed so that participation would be transparent to the campuses and auxiliary organizations. The financial terms of EIA's proposal are summarized below:

EIA Proposed Coverage Program Compared to CSURMA Actuarial Cost *			
18 Months	Campus	AORMA	Total
CSURMA Agreed Actuarial Funding	\$ 42,336,525	\$ 4,781,875	\$ 47,118,400
CSAC EIA Primary	\$ 22,237,435	\$ 2,287,055	\$ 24,524,490
CSAC EIA EWC	\$ 13,981,931	\$ 1,438,001	\$ 15,419,932
CSAC EIA Total	\$ 36,219,366	\$ 3,725,056	\$ 39,944,422
<i>* Actuarial costs from Aon reports valued at June 30, 2014</i>			

At their October 24, 2014 meeting, CSURMA Board took action to delegate authority to the CSURMA Executive Committee to take action to join the EIA Primary and Excess Workers' Compensation Programs. Staff was requested to prepare the additional present value of projected ultimate liabilities as calculated by CSURMA's actuary so that the Executive Committee could see how the actuary's valuation of the liabilities changes over time. At their December 5, 2014 meeting, the CSURMA Executive Committee further considered the proposal and took action to join the EIA Primary and Excess Workers' Compensation Programs. Zachary Gifford, CSU's Director of Systemwide Risk Management has been appointed to serve as an alternate on the EIA's Underwriting Committee.

RECOMMENDATION: No action is requested on this item at today's meeting.

FISCAL IMPACT: The cost of a primary reinsurance program has been paid from AORMA and Campus Workers' Compensation Risk Pool deposits that would otherwise be used to fund self-insuring the claims. If claims develop as projected by the CSURMA actuary, the proposed EIA program would result in a lower cost to CSURMA. If CSURMA's claims are less than the actuary's projection or if EIA has negative experience in their Excess Workers' Compensation Program, the cost of the proposed EIA program may be higher than CSURMA's actuarial projection.

BACKGROUND: Please refer to attached materials for background information.

PUBLICATION: No publication is expected from consideration of this item at today's meeting.

ATTACHMENT(S):

- a. CSURMA Discounted Expected Value of Workers' Compensation Claims (Campus)
- b. CSURMA Discounted Expected Value of Workers' Compensation Claims (AORMA)
- c. CSAC EIA Presentation Dated October 2014

CSU Campus Workers' Compensation Risk Pool

Valuation Date	2008	2009	2010	2011	2012	2013	2014	% Change from FY Year End
07-08	16.587	16.678	15.869	16.293	16.668	16.849	16.959	102.24%
08-09		17.996	19.008	18.743	19.599	20.261	19.889	110.52%
09-10			17.118	16.520	16.362	16.810	17.598	102.80%
10-11				20.657	21.178	22.752	23.318	112.88%
11-12					19.575	20.697	22.347	114.16%
12-13						21.565	21.193	98.27%
13-14							23.201	N/A

1. Source – Aon Risk Solutions
2. Valuation by CSURMA's Actuary (Aon) of Selected Ultimate Claims
3. Discounted Expected Value at June 30 Each Year
4. All values in \$ thousands (000)

CSU AORMA Workers Compensation Risk Pool

Valuation Date	2008	2009	2010	2011	2012	2013	2014	% Change from FY Year End
07-08	\$1.992	\$2.326	\$2.420	\$2.768	\$2.793	\$2.875	\$3.035	152.36%
08-09		1.427	1.200	1.281	1.440	1.309	1.428	100.07%
09-10			1.364	1.518	1.655	1.784	1.551	113.71%
10-11				2.770	2.771	2.756	3.108	112.20%
11-12					2.728	2.495	2.353	86.25%
12-13						2.388	2.512	105.19%
13-14							2.184	N/A

1. Source – Aon Risk Solutions
2. Valuation by CSURMA's Actuary (Aon) of Selected Ultimate Claims
3. Discounted Expected Value at June 30 Each Year
4. All values in \$ thousands (000)



CSAC Excess Insurance Authority

Leader in Member-Directed Risk Management

CSURMA

Workers' Compensation Program

CSAC EIA EWC Options

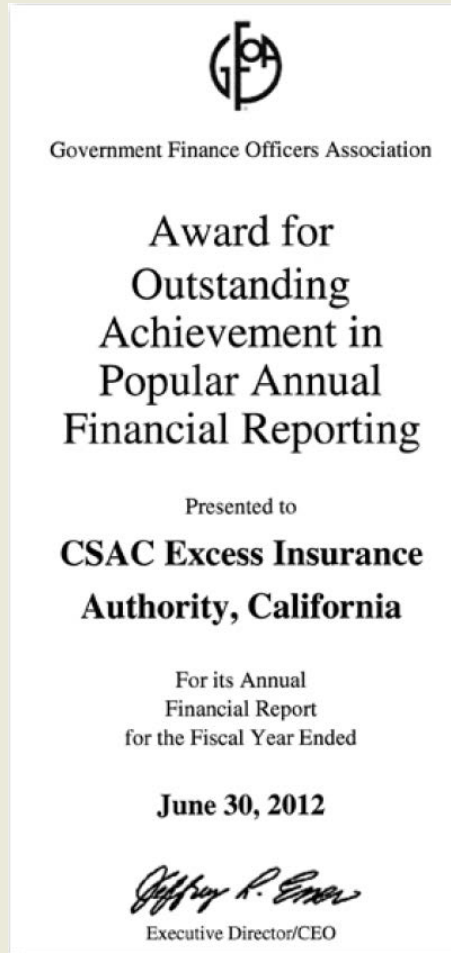
October 2014



Who is the CSAC EIA?



2011 - 2013



2004 - 2013



2010 - 2016



Certificate of Achievement for Excellence in Financial Reporting

1994 - 2013



1989 - 2016



Status at June 30, 2014

Member Contributions	\$574 million
Total Assets	\$593 million
Net Assets	\$113.3 million

Membership

- County members 54
- Public Entity members 254
 - Covering 1,800 agencies in 1 or more programs



Member Involvement

Board of Directors

- 61 Members
- 57 Alternates

Committees

- 15 Active Committees
- 141 Members
- 25 Alternates





CSURMA & CSAC EIA

- Original discussion in March 2014 regarding CSAC EIA Primary and Excess Comp programs
 - Indication of cost 2-8% above Expected/Discounted cost of CSU Program
 - Concern with joining another Pool
 - Claims Handling?
- Three specific meetings since on EIA and its financial / governance structure and proposed terms
- Specific meeting on claims handling
 - Outline of process presented after the claims meeting



CSURMA Actuarial Data

Updated Actuarial Report received in August 2014, from Aon.
 See Report pages 18 (Campus) and page 8/9 (AORMA).
 Based on current Campus SIR of \$2.5M and AORMA SIR of \$500K.

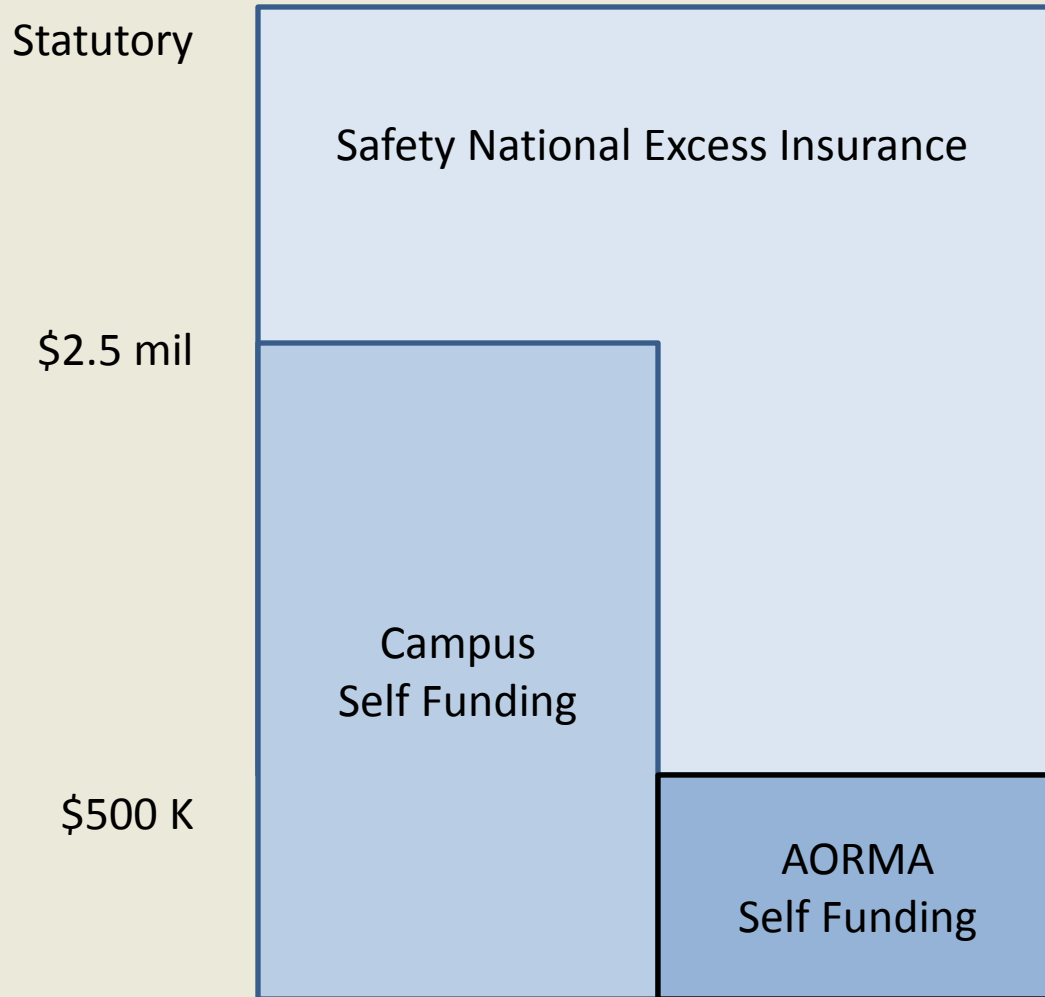
		1/1/15 - 7/1/15	7/1/15 - 7/1/16	18 month
Discounted				
Expected	Campus	\$ 11,876,000	\$ 25,320,000	\$ 37,196,000
	AORMA	\$ 1,258,500	\$ 2,567,000	\$ 3,825,500
	Total:	\$ 13,134,500	\$ 27,887,000	\$ 41,021,500
Discounted				
70%	Campus	\$ 12,469,500	\$ 26,586,000	\$ 39,055,500
80%	AORMA	\$ 1,573,125	\$ 3,208,750	\$ 4,781,875
	Total:	\$ 14,042,625	\$ 29,794,750	\$ 43,837,375
Undiscounted				
70%	Campus	\$ 13,517,175	\$ 28,819,350	\$ 42,336,525
80%	AORMA	\$ 1,700,000	\$ 3,467,500	\$ 5,167,500
	Total:	\$ 15,217,175	\$ 32,286,850	\$ 47,504,025

Highlighted amounts are the agreed funding amounts for each Program.
 Total agreed funding (from last meeting) of \$47,118,400



CSURMA / CSAC EIA

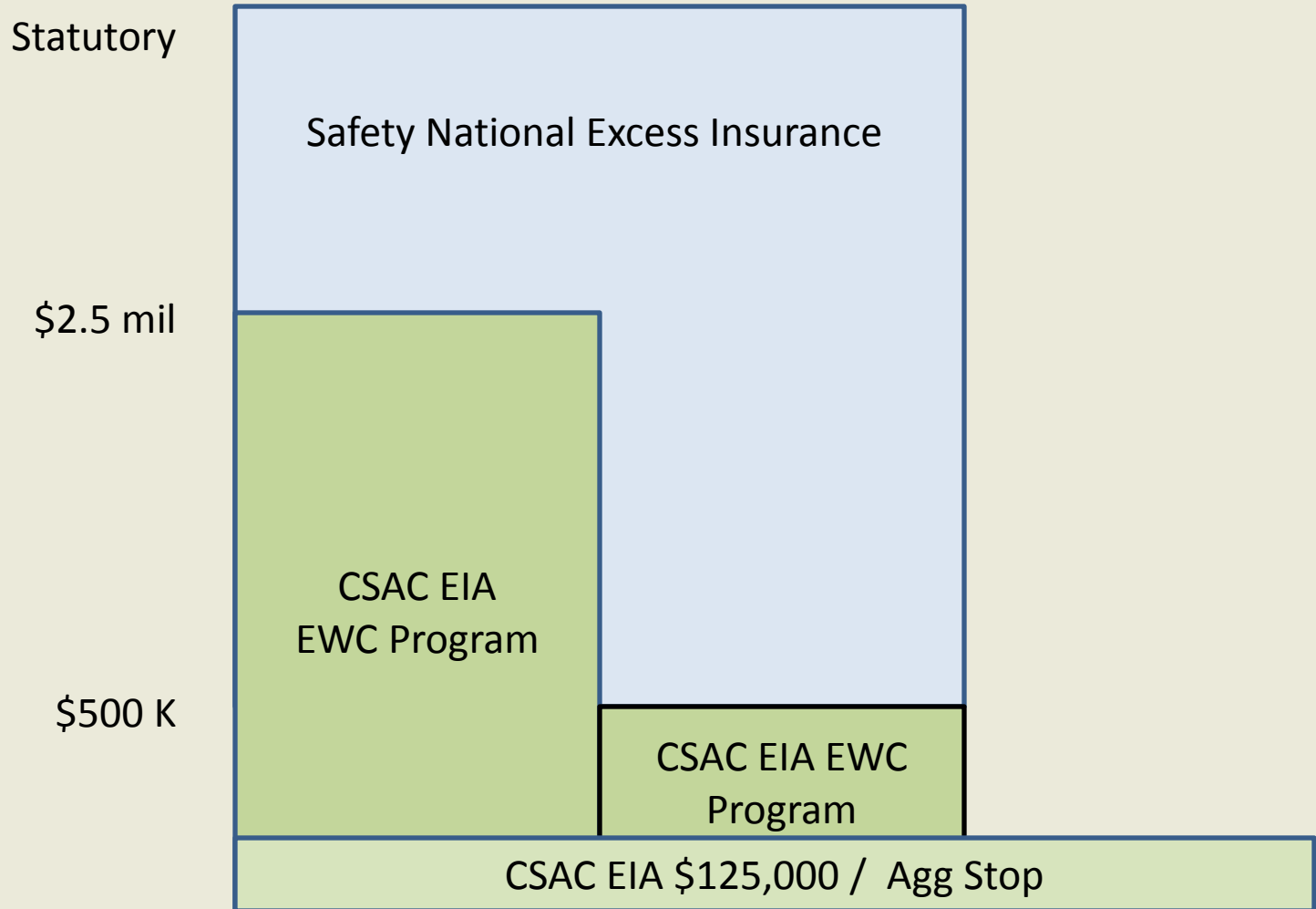
Current Structure





CSURMA / CSAC EIA

Proposed Structure





CSURMA / CSAC EIA

EIA Structure – Two Layers

CSAC EIA EWC Program
\$2,375,000 Excess of \$125,000 per accident
(Corridor Deductible applies before
reinsurance applies)

\$125,000 / Annual Aggregate – Corridor applies before reinsurance



CSURMA / CSAC EIA

Cost Comparison

18 months	Campus	AORMA	Total
Agreed Actuarial			
Funding:	\$ 42,336,525	\$ 4,781,875	\$ 47,118,400
CSAC EIA Primary:	\$ 22,237,435	\$ 2,287,055	\$ 24,524,490
CSAC EIA EWC:	\$ 13,981,931	\$ 1,438,001	\$ 15,419,932
CSAC EIA Total:	\$ 36,219,366	\$ 3,725,056	\$ 39,944,422

- Over \$7.1M savings compared with agreed funding
- Almost \$1.1M savings vs. Discounted Expected Funding Levels for both Programs
- Firm reinsurance terms; Subject to CSAC EIA Underwriting and Executive Committee approvals



CSAC EIA

Rating Methodology

- EIA Excess Workers' Compensation (EWC) Program has base rates promulgated by their independent actuary every year for three categories (County, City/other, and Education)
- For the layer below \$1M, the rating model has an Experience Modification Factor applied to the initial rate based on loss experience
- CSURMA program premium has been specifically negotiated with AmTrust given the size of the program.
- Primary Agg Stop/Corridor layer outside of the EWC Program – negotiated specific for CSURMA with AmTrust.



CSAC EIA

EWC Dividend / Assessment

- CSURMA Corridor amount is approximately 11% of overall CSAC EIA EWC Program (\$3.7M vs. \$34.8M of overall program with CSURMA included).
- Dividends and Assessments are calculated using 10 years of prior EWC Program premiums in the EWC Pool and/or Corridor Deductible Layers:
 - So, as an example, if the CSURMA were to stay in the program for the next 3.5 years, and an assessment or dividend is declared in August of 2018, the CSURMA would receive 4.5% of the dividend or pay 4.5% of the assessment (CSURMA applicable premium for 3.5 years of \$12.95M vs. 10 yr EIA EWC applicable premium of \$284.8M for 10 yrs of 08 – 18). This assumes that all applicable premiums for the next 3.5 years are unchanged.



Dividend / Assessment Calculation

	Retained / Pool Premium	CSU Pool Premium
2008/09	23,406,286	
2009/10	19,333,449	
2010/11	16,851,829	
2011/12	17,812,736	
2012/13	39,502,703	
2013/14	30,520,270	
2014/15	32,958,288	\$ 1,850,000
2015/16	34,800,000	\$ 3,700,000
2016/17	34,800,000	\$ 3,700,000
2017/18	34,800,000	\$ 3,700,000
	\$ 284,785,562	\$ 12,950,000
	Percentage 4.5	4.55%



CSU / AORMA & CSAC EIA

- **Other advantages:**

- Both layers of placement fully reinsured
- Joining forces with larger program – over \$22 Bil Payroll in EIA EWC Program
- Maintain control over losses
- Renewal of current excess layer may include EIA school business; increase size/leverage of placement
- More risk financing options with larger program
- Access to CSAC EIA risk management / loss control services



Loss Prevention Resources & Services

Loss Prevention Platform

DMV Electronic Pull
Notice Services
Policy Compliance
Tracking
Reporting & Analytics
Event/Credential
Manager
Community Resource
Center

Resources

Video Resource Library
On Site & Telephonic
Consultation
Specialist Referrals
Policy/Procedure
Development & Review
Subsidy Program
Drug & Alcohol Testing
Consortium
Topic Specific Resource
Pages

Training

On Site Custom
Programs
On-line Training
On-Demand Playback
of Recorded Sessions
Professional Webinars
Hosted Programs
Regional Training
Programs
Participation in Safety
Training Days & Fairs



Next Steps

Steps for CSURMA to Participate at 1/1/15

- CSURMA Board action to delegate authority to execute participation documents. (Oct 24, 2014)
- CSAC EIA Underwriting Committee final approval (Oct 2014) and Executive Committee (Nov 2014)
- CSU Chancellor's Office Review and approval (November 2014)
- Execution of agreements by CSURMA Chair and Secretary-Auditor (December 2014)
- Coverage commences January 1, 2015



CSAC EIA Contact Information

Mike Fleming, Chief Executive Officer

916-850-7300

[mfleming@csac-eia.org](mailto:m Fleming@csac-eia.org)

Gina Dean, Chief Operating Officer

916-850-7300

gdean@csac-eia.org

Brian Kelley, Underwriting Manager

916-850-7300

bk Kelley@csac-eia.org

CAMPUS RISK POOLS PROGRAM FUNDING STATUS

ISSUE: In accordance with the CSURMA's adopted funding policy for its self-funded pooling programs, 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, 2015. The Executive Committee reviewed the pooled programs funding position on March 20, 2015 and determined there are sufficient funds to meet anticipated needs, including a confidence margin for unexpected expenditures. The Executive Committee will again review the funding status upon completion of the financial audit for FYE 2015, and will determine if there are opportunities to release any excess funds to its members as dividends.

RECOMMENDATION: No action requested. This item is provided for information only.

FISCAL IMPACT: Dividends, if any, will reduce fund balances by the amount recommended by the Executive Committee in the fiscal period from which excess funds are distributed to members.

BACKGROUND: Prior to FY 1995/1996, the CSU Chancellor's Office paid all liability, Workers' Compensation and IDL/NDL/UI claims and related expenses. CSU funded these liabilities on a cash basis as the claims became payable. Beginning in FY 1995/1996, the campuses became accountable for these liabilities. The *Risk Pool* was developed as a funding mechanism so that campuses could share primary layer costs while simultaneously being encouraged to manage risks. Each campus' base budget was increased by a pro rata share of the systemwide budget for these liabilities.

The CSURMA (successor to the *Risk Pool*) inherited prior years' claim liabilities when it was formed. The CSURMA Board of Directors adopted a policy of fully funding each year's liabilities as they are incurred. That is, campuses will pay a premium to CSURMA for each fiscal year to cover all projected costs of claims attributed to that fiscal year, even though the claims will be paid over future years.

PUBLICATION: None.

ATTACHMENTS:

- a. CSURMA Policy & Procedure No. 7 – Self-Insured Program Funding
- b. Estimated Pool Funding Projected to FYE 2015
- c. Target Surplus Funding Analyses
- d. 2014 CSURMA Actuarial Reports dated September 15, 2014 (*available at the meeting for reference*)



CSURMA

POLICY AND 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:

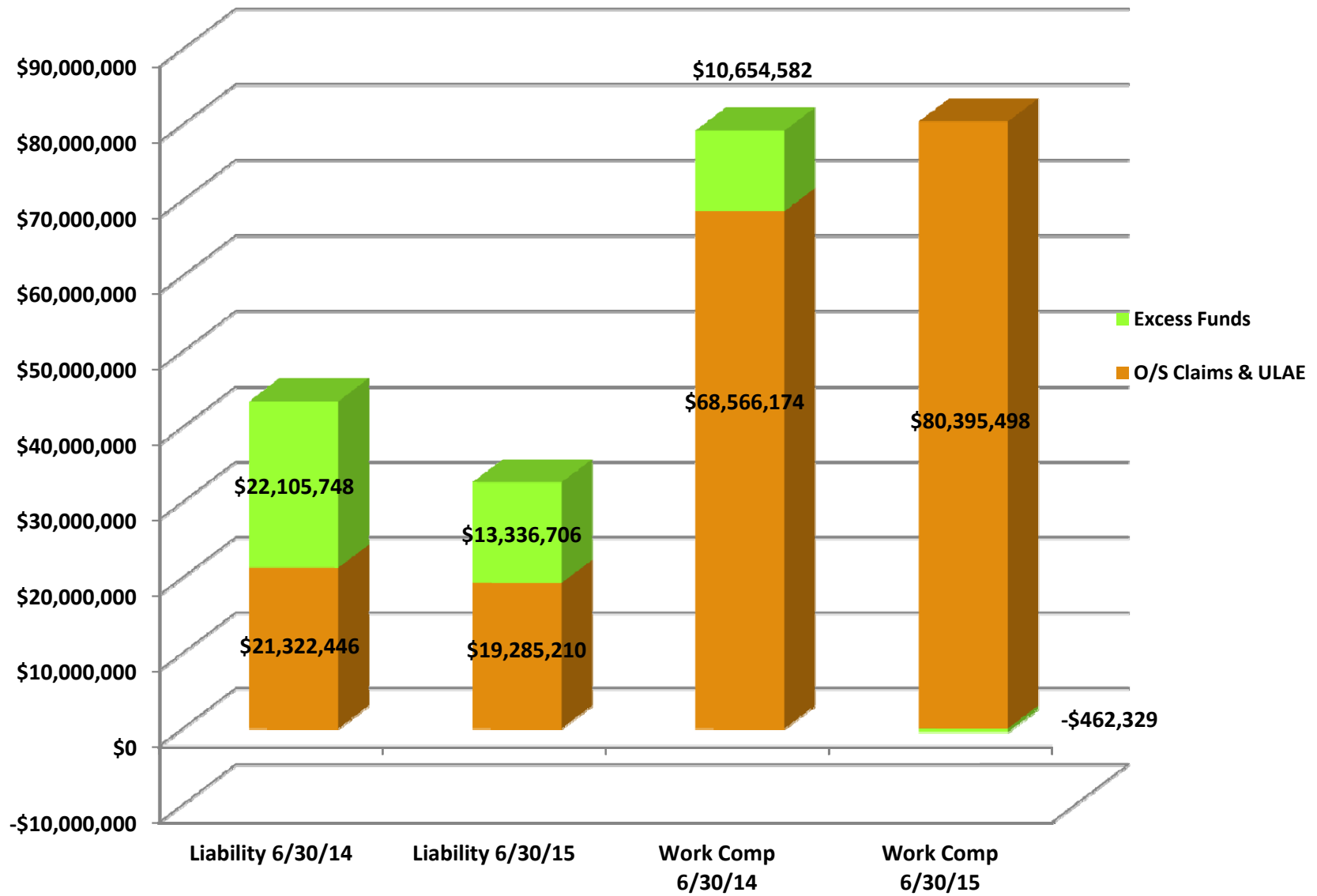
- Administrative expenses shall be funded on a cash basis for each program year;
- Prior year cash deficits (if any) shall be funded on a cash basis;
- Prior years' claims payable shall be funded on a cash basis to the extent accrued reserves do not amount to full funding;
- Current year expected liabilities 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.

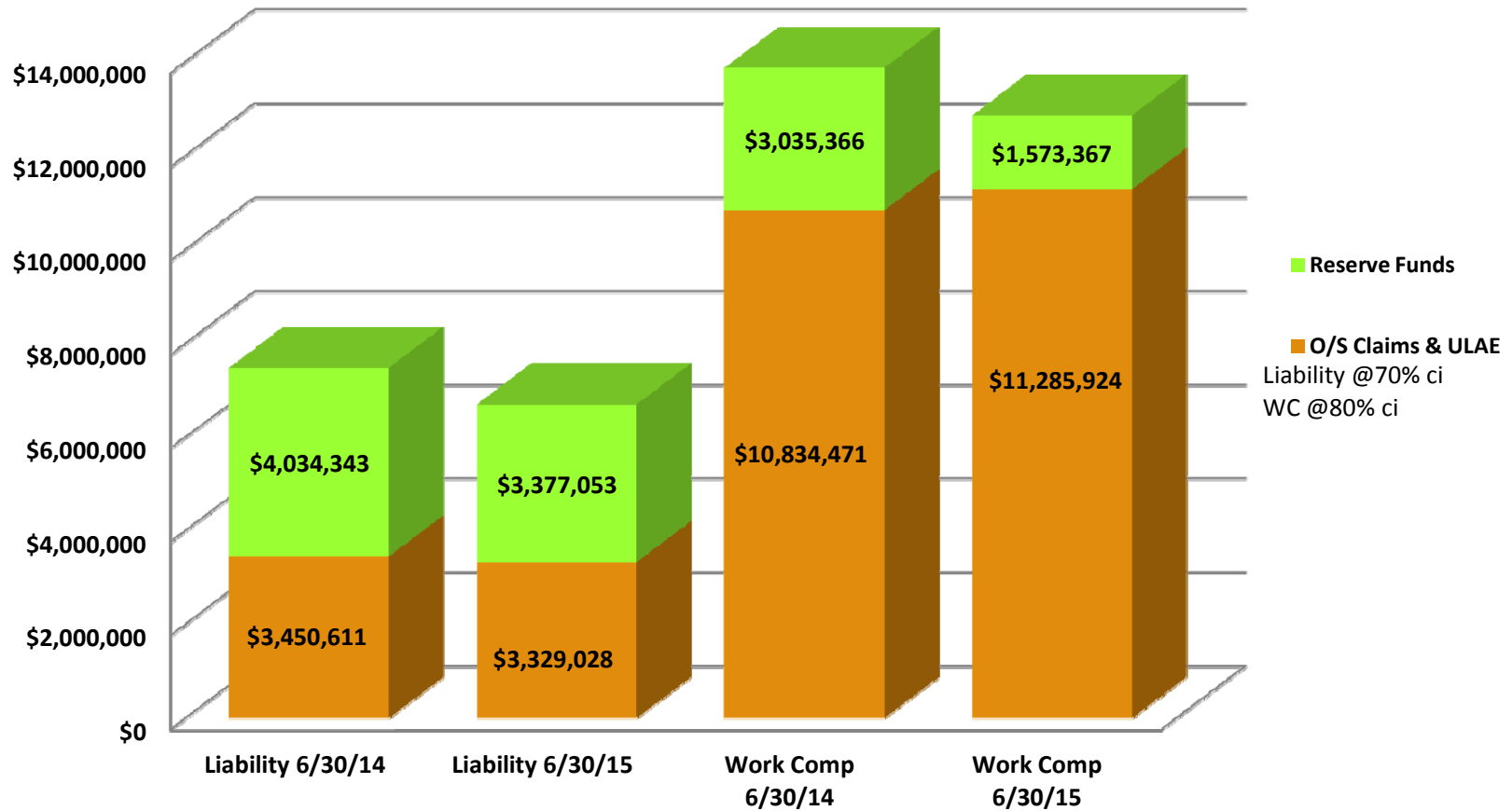
Campus Risk Pools

Estimated Funding Projected to FYE 2015 (undiscounted)



AORMA Risk Pools

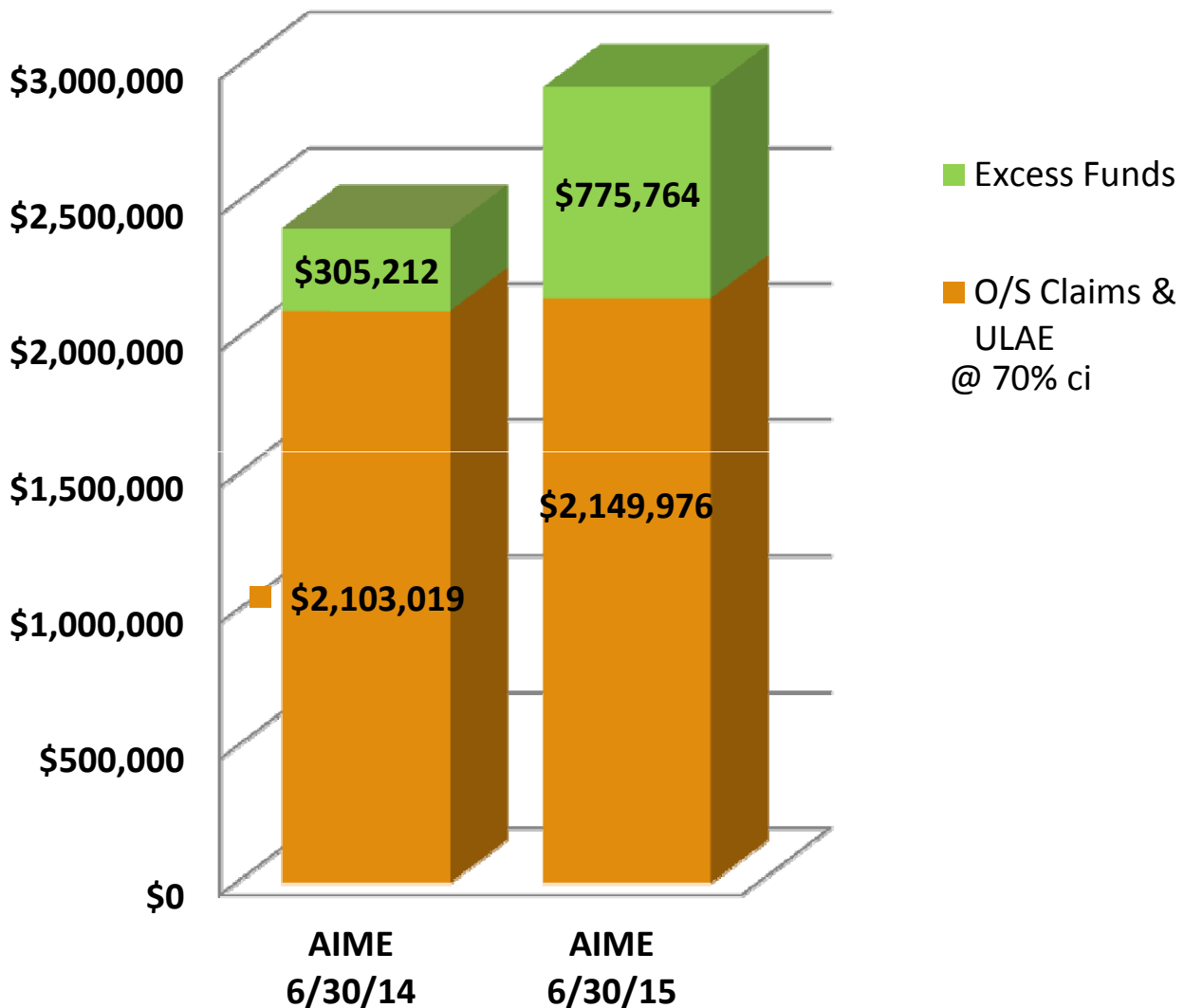
Estimated Funding Projected to FYE 2015 (undiscounted)



Athletic Injury Medical Expense

Estimated Funding Projected to FYE 2015

(undiscounted)



Campus Liability Coverage Fund
Target Surplus Funding Analysis at \$5,000,000 SIR
As of 12/31/14 Projected to 6/30/15

Gross Premium (FY 14/15):	\$13,434,901
Maximum Retention:	\$5,000,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/15	\$15,340,046 <i>Expected, Discounted, Net of Deductibles</i>
Est. Outstanding Liabilities @ 6/30/15	\$17,218,938 <i>at 70% Confidence</i>
Est. Fund Balance @ 6/30/15	\$32,621,916
Est. Funded Loss & ULAE @ 6/30/15	\$19,285,210 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$13,336,706

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$4,478,300	0.41
Surplus to Retention	> 1:1	\$5,000,000	6.52
O/S Reserve to Surplus	≤ 5:1	\$3,068,009	0.47

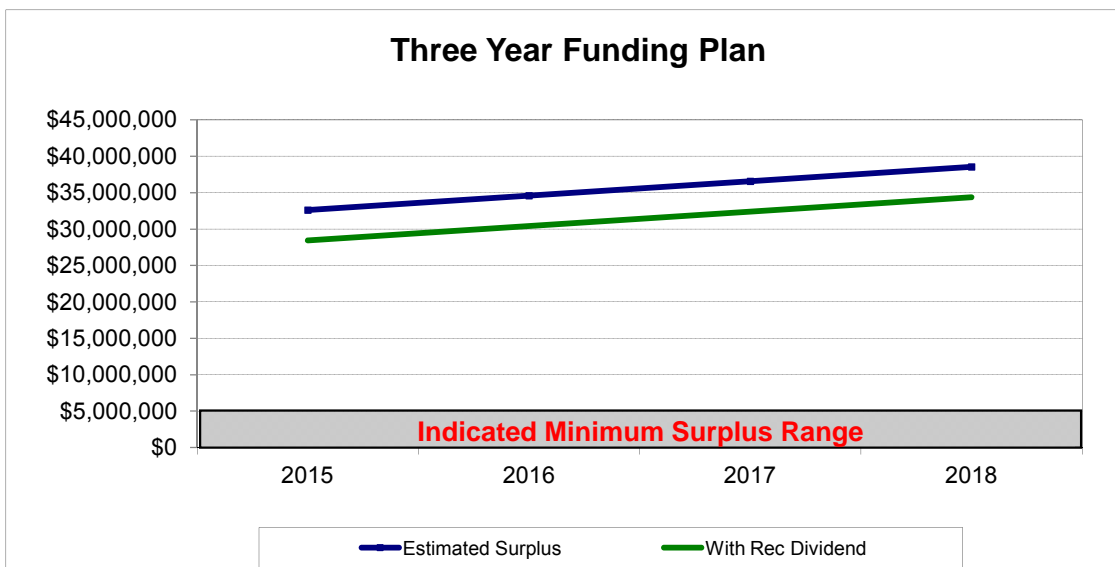
Maximum Dividend Available:	\$8,336,706
Recommended Dividend 50%:	\$4,168,353

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 6/30/15	N/A	\$32,621,916	\$28,453,563
2015/16 - Collection @ 70% CL	\$1,979,505	\$34,601,421	\$30,433,068
2016/17 - Collection @ 70% CL	\$1,979,505	\$36,580,926	\$32,412,573
2017/18 - Collection @ 70% CL	\$1,979,505	\$38,560,431	\$34,392,078



Campus Workers' Compensation Coverage Fund
Target Surplus Funding Analysis at \$2,500,000 SIR
As of 12/31/14 Projected to 6/30/15

Gross Premium (FY 14/15):	\$33,196,159
Maximum Retention:	\$2,500,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/15	\$71,225,248 <i>Expected, Discounted</i>
Est. Outstanding Liabilities @ 6/30/15	\$74,786,510 at 70% Confidence
Est. Fund Balance @ 6/30/15	\$79,933,170
Est. Funded Loss & ULAE @ 6/30/15	\$80,395,498 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	-\$462,328

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$11,065,386	0.42
Surplus to Retention	> 2:1	\$5,000,000	31.97
O/S Reserve to Surplus	≤ 5:1	\$14,245,050	0.89

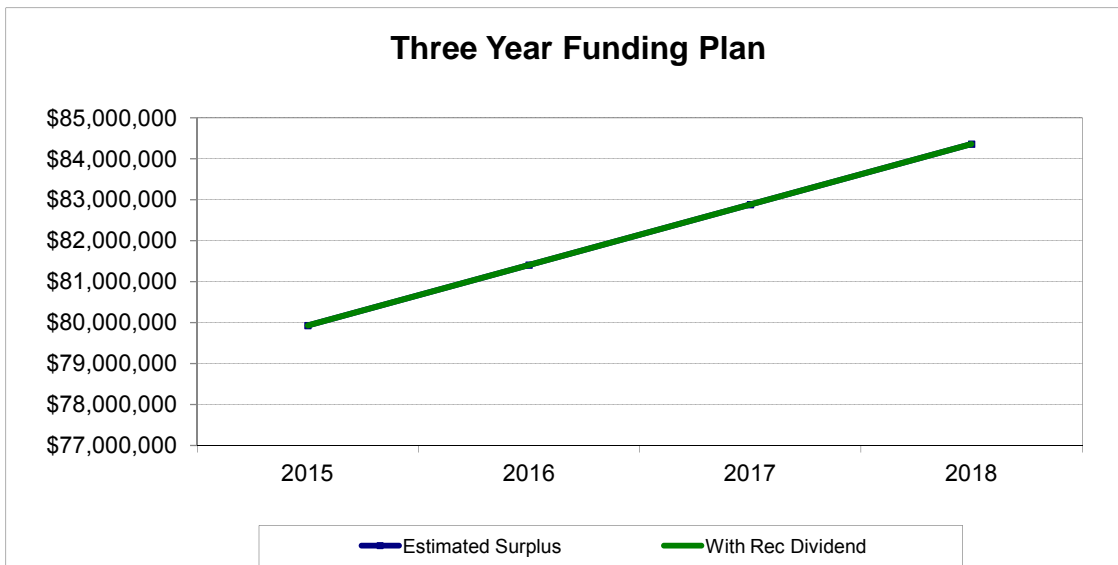
Maximum Dividend Available:	\$0
Recommended Dividend 50%:	\$0

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 6/30/15	N/A	\$79,933,170	\$79,933,170
2015/16 - Collection @ 70% CL	\$1,475,276	\$81,408,446	\$81,408,446
2016/17 - Collection @ 70% CL	\$1,475,276	\$82,883,723	\$82,883,723
2017/18 - Collection @ 70% CL	\$1,475,276	\$84,358,999	\$84,358,999



ADOPTION OF THE FY 2015/2016 OPERATING BUDGET
DELEGATION OF AUTHORITY TO THE TREASURER

ISSUE: CSURMA's next fiscal year begins on July 1, 2015. The FY 2015/16 CSURMA budget is to be approved by the Board of Directors at today's meeting. Systemwide Risk Management, Enterprise Accounting and the Program Administrators worked together to develop the proposed budget for FY 2015/16. AORMA separately developed a budget for its coverage programs for inclusion in the CSURMA budget. The Executive Committee reviewed the proposed 2015/16 CSURMA budget on March 19, 2015 and recommends adoption by the Board

Major features of the proposed **Campus Programs** budget include:

- Projected increase in Total contributions from \$72,397,277 to \$77,026,163.
- Projected increase in Liability contributions from \$13,434,901 to \$13,514,960 due to actuarial projected claim trend.
- Projected increase in Workers' Compensation contributions from \$33,196,159 to \$37,744,986 due to actuarial projected claim trend.
- Projected increase in IDL/NDL/UI contributions from \$12,500,000 to \$13,500,000 due to claims trend.
- Projected decrease in Property contributions from \$9,000,000 to \$8,000,000 due to change in Property rates. Premiums are subject to adjustment based on final reported total insured values (TIV).
- No change in AIME contributions of \$3,577,749 - pending recommendation of the AIME Committee.
- No change in Auto Liability contributions of \$688,468.

The proposed Campus programs operating budget would develop Total Revenues of \$72,441,157 (net of reinsurance premiums), Total Operating Expenses of \$76,580,082, and Total Non-Operating Revenues of \$2,155,798, generating Net Deficit of \$1,983,127 to be funded by retained earnings. *The preceding does not include projected Dividend Distributions during FY 2015/16, which, if any, will increase expenditures and decrease fund reserves.*

Major features of the proposed **AORMA Programs** budget include:

- Projected decrease in Total contributions from \$14,716,434 to \$13,895,979.
- Projected decrease in Liability contributions from \$3,823,115 to \$3,747,378 due to actuarial projected claim trend and projected reinsurance premiums.
- Projected increase in Workers' Compensation contributions from \$4,382,449 to \$4,486,750 due to actuarial projected claim trend and projected excess insurance premium.

- Projected decrease in Property contributions from \$3,179,019 to \$2,357,000 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.
- Projected decrease in Crime from \$337,000 to \$310,000 due to claims experience.
- No change in Unemployment Insurance contributions of \$2,994,851 – pending AORMA Committee recommendation.

The proposed AORMA programs operating budget would develop Total Operating Revenues of \$11,366,979 (net of reinsurance premiums), Total Operating Expenses of \$13,158,079, and Total Non-Operating Revenues of \$342,933, generating a deficit \$1,448,887 to be funded by retained earnings.

Pursuant to California Government Code Section 53607, the Board is requested to delegate authority for a one-year period to the Treasurer to invest or to reinvest funds, or to sell or exchange securities so purchased, and to assume full responsibility for those transactions until the delegation of authority is revoked or expires, and to make a monthly report of those transactions to the Board. Subject to review, the Board may renew the delegation of authority pursuant to this section each year.

Staff will be present at today's meeting to review the proposed budget.

RECOMMENDATION: The Board of Directors is asked to adopt Resolution No. 01-15 (BOD) as presented.

FISCAL IMPACT: The proposed operating budget would develop Total Operating Revenues of \$90,566,468 (net of reinsurance premiums), Total Operating Expenses of \$93,116,524, and Total Non-Operating Revenues of \$2,500,000, generating Net Deficit of \$50,057 to be funded by retained earnings. *The preceding does not include projected Campus Dividend Distributions during FY 2015/16, which, if any, will increase expenditures and decrease fund reserves.*

BACKGROUND: The proposed budget is detailed by program in the draft document included with the agenda packet.

PUBLICATION: None.

ATTACHMENT(S):

- a. Draft FY 2015/16 CSURMA Budget of Revenues and Expenses
- b. Resolution No. 01-15 (BOD)
- c. California Government Code: Section 53607

CSURMA

Cash Flow Budget of Revenues and Expenses Fiscal Year July 1, 2015 to June 30, 2016

Draft 4

**Board of Directors
April 27, 2015**

CSURMA
Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

Draft 4

TOTAL: ALL FUNDS

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	93,872,043	97,680,474	3,808,431
Reinsurance Premiums	-6,951,482	-7,114,006	-162,524
Total Operating Revenues	<u>86,920,561</u>	<u>90,566,468</u>	<u>3,645,907</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	61,588,447	58,174,536	-3,413,911
Deductible Recoveries	-4,050,000	-4,050,000	0
Claims Administrators	4,661,895	4,658,683	-3,212
Claims Management Information System	35,000	35,000	0
Program Administrators	2,449,686	2,559,903	110,217
Brokerage Commissions & Fees	1,334,227	877,158	-457,069
Insurance Premiums (net of brokerage)	27,456,751	37,870,088	10,413,337
Taxes, Assessments & Fees	263,003	265,500	2,497
Actuarial Services	26,000	26,000	0
Claims Audit	22,000	22,000	0
Coverage Counsel	16,000	16,000	0
Program Legal	2,500	2,500	0
Miscellaneous Program Services	11,755	161,755	150,000
Workshop/Training Expenses	159,988	189,000	29,012
Loss Control Expenses	818,154	930,399	112,245
Appraisals	0	0	0
Reinsurance Recovery	-7,401,949	-12,058,283	-4,656,334
Program Committee	30,688	30,688	0
Dividend Distributions	10,501,251	1,823,733	-8,677,518
Total Direct Program Expenses	<u>97,925,396</u>	<u>91,534,660</u>	<u>-6,390,735</u>

CSURMA
Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

Draft 4

TOTAL: ALL FUNDS

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	48,000	43,000	-5,000
Executive Committee & Board Expenses	34,000	34,000	0
JPA Insurance	27,500	27,500	0
Memberships, Associations & Dues	7,450	7,450	0
Chancellor's Office Accounting Services	325,000	345,000	20,000
Chancellor's Office Risk Management Service	935,000	1,004,914	69,914
JPA Accreditation	0	0	0
JPA Legal	5,000	105,000	100,000
Miscellaneous Expenses	15,000	15,000	0
Total General & Administrative Expenses	<u>1,396,950</u>	<u>1,581,864</u>	<u>184,914</u>
Total Operating Expenses	<u>99,322,346</u>	<u>93,116,524</u>	<u>-6,205,821</u>
Non-Operating Revenues			
Investment Income	2,500,000	2,500,000	0
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>2,500,000</u>	<u>2,500,000</u>	<u>0</u>
Net Surplus (Deficit)	<u>-9,901,785</u>	<u>-50,057</u>	
Beginning Retained Earnings	60,735,761	50,833,976	
Ending Retained Earnings	50,833,976	50,783,919	

CSURMA
Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

Draft 4

GENERAL FUND

**To allocate General Expenses
across All Program Funds**

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	0	0	0
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	0	0	0
Deductible Recoveries	0	0	0
Claims Administrators	0	0	0
Claims Management Information System	0	0	0
Program Administrators	0	0	0
Brokerage Commissions & Fees	0	0	0
Insurance Premiums (net of brokerage)	0	0	0
Taxes, Assessments & Fees	0	0	0
Actuarial Services	0	0	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	0	0	0
Workshop/Training Expenses	0	0	0
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	0	0	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>0</u>	<u>0</u>	<u>0</u>

CSURMA
Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

Draft 4

GENERAL FUND

To allocate General Expenses
across All Program Funds

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget Change
General & Administrative Expenses			
Financial Audit	48,000	43,000	-5,000
Executive Committee & Board Expenses	34,000	34,000	0
JPA Insurance	27,500	27,500	0
Memberships, Associations & Dues	7,450	7,450	0
Chancellor's Office Accounting Services	325,000	345,000	20,000
Chancellor's Office Risk Management Service	935,000	1,004,914	69,914
JPA Accreditation	0	0	0
JPA Legal	5,000	105,000	100,000
Miscellaneous Expenses	15,000	15,000	0
 Total General & Administrative Expenses	 <u>1,396,950</u>	 <u>1,581,864</u>	 <u>184,914</u>
 Total Operating Expenses	 <u>1,396,950</u>	 <u>1,581,864</u>	 <u>184,914</u>

Non-Operating Revenues

Investment Income	2,500,000	2,500,000	0
Interest Income - Loans (separate fund)	0	0	0
Miscellaneous Fee Revenue	0	0	0
 Total Non-Operating Revenues	 <u>2,500,000</u>	 <u>2,500,000</u>	 <u>0</u>

CSURMA
Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

Draft 4

TOTAL: CAMPUS PROGRAMS

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	72,397,277	77,026,163	4,628,886
Reinsurance Premiums	-4,580,006	-4,585,006	-5,000
Total Operating Revenues	<u>67,817,271</u>	<u>72,441,157</u>	<u>4,623,886</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	54,858,242	51,582,976	-3,275,266
Deductible Recoveries	-4,000,000	-4,000,000	0
Claims Administrators	4,404,795	4,404,795	0
Claims Management Information System	35,000	35,000	0
Program Administrators	964,190	1,013,001	48,811
Brokerage Commissions & Fees	921,170	762,319	-158,851
Insurance Premiums (net of brokerage)	21,438,774	31,891,817	10,453,043
Taxes, Assessments & Fees	200,000	200,000	0
Actuarial Services	15,000	15,000	0
Claims Audit	12,000	12,000	0
Coverage Counsel	10,000	10,000	0
Program Legal	0	0	0
Miscellaneous Program Services	11,500	161,500	150,000
Workshop/Training Expenses	124,155	161,899	37,745
Loss Control Expenses	544,041	677,142	133,101
Appraisals	0	0	0
Reinsurance Recovery	-7,177,318	-11,599,985	-4,422,667
Program Committee	2,000	2,000	0
Dividend Distributions	8,677,518	0	-8,677,518
Total Direct Program Expenses	<u>81,041,067</u>	<u>75,329,465</u>	<u>-5,711,602</u>

CSURMA
Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

Draft 4

TOTAL: CAMPUS PROGRAMS

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	37,222	33,996	-3,226
Executive Committee & Board Expenses	26,365	26,880	515
JPA Insurance	21,325	21,741	417
Memberships, Associations & Dues	5,777	5,890	113
Chancellor's Office Accounting Services	252,022	272,756	20,734
Chancellor's Office Risk Management Service	725,047	794,482	69,436
JPA Accreditation	0	0	0
JPA Legal	3,877	83,013	79,135
Miscellaneous Expenses	11,632	11,859	227
Total General & Administrative Expenses	<u>1,083,266</u>	<u>1,250,617</u>	<u>167,351</u>
Total Operating Expenses	<u>82,124,333</u>	<u>76,580,082</u>	<u>-5,544,251</u>
Non-Operating Revenues			
Investment Income	2,144,274	2,155,798	11,523
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>2,144,274</u>	<u>2,155,798</u>	<u>11,523</u>
Net Surplus (Deficit)	<u>-12,162,788</u>	<u>-1,983,127</u>	
Beginning Retained Earnings	48,190,979	36,028,191	
Ending Retained Earnings	36,028,191	34,045,064	

CSURMA
Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

Draft 4

CAMPUS LIABILITY PROGRAM

(Fund 10)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	13,434,901	13,514,960	80,059
Reinsurance Premiums	-165,000	-170,000	-5,000
Total Operating Revenues	<u>13,269,901</u>	<u>13,344,960</u>	<u>75,059</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	14,862,413	10,479,289	-4,383,124
Deductible Recoveries	-4,000,000	-4,000,000	0
Claims Administrators	81,909	81,909	0
Claims Management Information System	35,000	35,000	0
Program Administrators	181,097	204,172	23,075
Brokerage Commissions & Fees	316,670	317,819	1,149
Insurance Premiums (net of brokerage)	3,680,985	3,691,323	10,338
Taxes, Assessments & Fees	200,000	200,000	0
Actuarial Services	6,000	6,000	0
Claims Audit	10,000	10,000	0
Coverage Counsel	10,000	10,000	0
Program Legal	0	0	0
Miscellaneous Program Services	1,000	151,000	150,000
Workshop/Training Expenses	37,874	26,357	-11,517
Loss Control Expenses	434,535	481,010	46,475
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	0	0	0
Dividend Distributions	8,677,518	0	-8,677,518
Total Direct Program Expenses	<u>24,535,000</u>	<u>11,693,879</u>	<u>-12,841,121</u>

CSURMA
Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

Draft 4

CAMPUS LIABILITY PROGRAM

(Fund 10)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	7,369	6,019	-1,350
Executive Committee & Board Expenses	5,220	4,759	-461
JPA Insurance	4,222	3,849	-373
Memberships, Associations & Dues	1,144	1,043	-101
Chancellor's Office Accounting Services	49,893	48,289	-1,604
Chancellor's Office Risk Management Service	143,538	140,657	-2,882
JPA Accreditation	0	0	0
JPA Legal	768	14,697	13,929
Miscellaneous Expenses	2,303	2,100	-203
Total General & Administrative Expenses	<u>214,455</u>	<u>221,411</u>	<u>6,956</u>
Total Operating Expenses	<u>24,749,455</u>	<u>11,915,291</u>	<u>-12,834,165</u>
Non-Operating Revenues			
Investment Income	673,276	560,194	-113,082
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>673,276</u>	<u>560,194</u>	<u>-113,082</u>
Net Surplus (Deficit)	<u>-10,806,278</u>	<u>1,989,864</u>	
Beginning Retained Earnings	24,390,297	13,584,019	
Ending Retained Earnings	13,584,019	15,573,882	

CSURMA
Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

Draft 4

CAMPUS WORKERS' COMPENSATION PROGRAM

(Fund 11)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	33,196,159	37,744,986	4,548,827
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>33,196,159</u>	<u>37,744,986</u>	<u>4,548,827</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	21,760,273	22,793,810	1,033,537
Deductible Recoveries	0	0	0
Claims Administrators	4,132,886	4,132,886	0
Claims Management Information System	0	0	0
Program Administrators	417,939	415,409	-2,530
Brokerage Commissions & Fees	160,000	0	-160,000
Insurance Premiums (net of brokerage)	13,703,328	24,146,033	10,442,705
Taxes, Assessments & Fees	0	0	0
Actuarial Services	6,000	6,000	0
Claims Audit	2,000	2,000	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	8,500	8,500	0
Workshop/Training Expenses	40,227	73,612	33,385
Loss Control Expenses	109,506	196,132	86,626
Appraisals	0	0	0
Reinsurance Recovery	-7,177,318	-11,599,985	-4,422,667
Program Committee	0	0	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>33,163,342</u>	<u>40,174,397</u>	<u>7,011,056</u>

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Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

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CAMPUS WORKERS' COMPENSATION PROGRAM

(Fund 11)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	17,006	16,809	-197
Executive Committee & Board Expenses	12,046	13,291	1,245
JPA Insurance	9,743	10,750	1,007
Memberships, Associations & Dues	2,639	2,912	273
Chancellor's Office Accounting Services	115,144	134,864	19,719
Chancellor's Office Risk Management Service	331,261	392,830	61,569
JPA Accreditation	0	0	0
JPA Legal	1,771	41,045	39,274
Miscellaneous Expenses	5,314	5,864	549
Total General & Administrative Expenses	<u>494,925</u>	<u>618,365</u>	<u>123,440</u>
Total Operating Expenses	<u>33,658,266</u>	<u>40,792,762</u>	<u>7,134,496</u>
Non-Operating Revenues			
Investment Income	1,174,521	1,303,274	128,753
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>1,174,521</u>	<u>1,303,274</u>	<u>128,753</u>
Net Surplus (Deficit)	<u>712,414</u>	<u>-1,744,501</u>	
Beginning Retained Earnings	13,919,640	14,632,054	
Ending Retained Earnings	14,632,054	12,887,553	

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Cash Flow Budget of Revenues and Expenses
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CAMPUS IDL NDL UI PROGRAM *

(Fund 12)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	12,500,000	13,500,000	1,000,000
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>12,500,000</u>	<u>13,500,000</u>	<u>1,000,000</u>

Operating Expenses

Direct Program Expenses

Claims Payments & Legal Expenses	12,000,000	12,000,000	0
Deductible Recoveries	0	0	0
Claims Administrators	60,000	60,000	0
Claims Management Information System	0	0	0
Program Administrators	157,375	175,120	17,745
Brokerage Commissions & Fees	0	0	0
Insurance Premiums (net of brokerage)	0	0	0
Taxes, Assessments & Fees	0	0	0
Actuarial Services	0	0	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	1,000	1,000	0
Workshop/Training Expenses	15,147	26,328	11,181
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	0	0	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>12,233,522</u>	<u>12,262,448</u>	<u>28,926</u>

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Cash Flow Budget of Revenues and Expenses
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CAMPUS IDL NDL UI PROGRAM *

(Fund 12)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	6,404	6,012	-392
Executive Committee & Board Expenses	4,536	4,754	218
JPA Insurance	3,669	3,845	176
Memberships, Associations & Dues	994	1,042	48
Chancellor's Office Accounting Services	43,357	48,236	4,878
Chancellor's Office Risk Management Service	124,736	140,501	15,765
JPA Accreditation	0	0	0
JPA Legal	667	14,680	14,013
Miscellaneous Expenses	2,001	2,097	96
Total General & Administrative Expenses	<u>186,364</u>	<u>221,166</u>	<u>34,803</u>
Total Operating Expenses	<u>12,419,886</u>	<u>12,483,615</u>	<u>63,729</u>
Non-Operating Revenues			
Investment Income	150,522	130,520	-20,002
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>150,522</u>	<u>130,520</u>	<u>-20,002</u>
Net Surplus (Deficit)	<u>230,636</u>	<u>1,146,905</u>	
Beginning Retained Earnings	2,290,907	2,521,543	
Ending Retained Earnings	2,521,543	3,668,449	

* Industrial Disability, Non-industrial Disability, Unemployment Insurance

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CAMPUS PROPERTY PROGRAM

(Fund 13)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	9,000,000	8,000,000	-1,000,000
Reinsurance Premiums	-4,415,006	-4,415,006	0
Total Operating Revenues	<u>4,584,994</u>	<u>3,584,994</u>	<u>-1,000,000</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	3,363,266	3,363,266	0
Deductible Recoveries	0	0	0
Claims Administrators	0	0	0
Claims Management Information System	0	0	0
Program Administrators	198,145	208,176	10,031
Brokerage Commissions & Fees	442,500	442,500	0
Insurance Premiums (net of brokerage)	3,346,193	3,346,193	0
Taxes, Assessments & Fees	0	0	0
Actuarial Services	0	0	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	1,000	1,000	0
Workshop/Training Expenses	10,906	15,602	4,696
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	0	0	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>7,362,010</u>	<u>7,376,737</u>	<u>14,727</u>

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Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

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CAMPUS PROPERTY PROGRAM

(Fund 13)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	4,611	3,563	-1,048
Executive Committee & Board Expenses	3,266	2,817	-449
JPA Insurance	2,641	2,278	-363
Memberships, Associations & Dues	716	617	-98
Chancellor's Office Accounting Services	31,217	28,584	-2,633
Chancellor's Office Risk Management Service	89,810	83,260	-6,550
JPA Accreditation	0	0	0
JPA Legal	480	8,700	8,219
Miscellaneous Expenses	1,441	1,243	-198
Total General & Administrative Expenses	<u>134,182</u>	<u>131,062</u>	<u>-3,120</u>
Total Operating Expenses	<u>7,496,192</u>	<u>7,507,798</u>	<u>11,606</u>
Non-Operating Revenues			
Investment Income	94,128	110,920	16,792
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>94,128</u>	<u>110,920</u>	<u>16,792</u>
Net Surplus (Deficit)	<u>-2,817,070</u>	<u>-3,811,885</u>	
Beginning Retained Earnings	7,093,740	4,276,670	
Ending Retained Earnings	4,276,670	464,786	

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Cash Flow Budget of Revenues and Expenses
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CAMPUS ATHLETIC INJURY MEDICAL EXPENSE

(Fund 14)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	3,577,749	3,577,749	0
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>3,577,749</u>	<u>3,577,749</u>	<u>0</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	2,872,290	2,946,611	74,321
Deductible Recoveries	0	0	0
Claims Administrators	130,000	130,000	0
Claims Management Information System	0	0	0
Program Administrators	9,635	10,124	489
Brokerage Commissions & Fees	2,000	2,000	0
Insurance Premiums (net of brokerage)	19,800	19,800	0
Taxes, Assessments & Fees	0	0	0
Actuarial Services	3,000	3,000	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	0	0	0
Workshop/Training Expenses	20,000	20,000	0
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	2,000	2,000	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>3,058,725</u>	<u>3,133,535</u>	<u>74,810</u>

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Cash Flow Budget of Revenues and Expenses
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CAMPUS ATHLETIC INJURY MEDICAL EXPENSE

(Fund 14)

<i>Revised</i>	<i>Proposed</i>	
FY 14/15	FY 15/16	Budget
<u>Budget</u>	<u>Budget</u>	<u>Change</u>

General & Administrative Expenses

Financial Audit	1,833	1,593	-240
Executive Committee & Board Expenses	1,298	1,260	-38
JPA Insurance	1,050	1,019	-31
Memberships, Associations & Dues	284	276	-8
Chancellor's Office Accounting Services	12,410	12,783	374
Chancellor's Office Risk Management Services	35,702	37,235	1,533
JPA Accreditation	0	0	0
JPA Legal	191	3,891	3,700
Miscellaneous Expenses	573	556	-17
Total General & Administrative Expenses	<u>53,341</u>	<u>58,613</u>	<u>5,272</u>
Total Operating Expenses	<u>3,112,066</u>	<u>3,192,148</u>	<u>80,082</u>

Non-Operating Revenues

Investment Income	51,826	50,889	-938
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>51,826</u>	<u>50,889</u>	<u>-938</u>

Net Surplus (Deficit) **517,510** **436,490**

Beginning Retained Earnings 496,395 1,013,905
Ending Retained Earnings 1,013,905 1,450,394

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Cash Flow Budget of Revenues and Expenses
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CAMPUS AUTO LIABILITY PROGRAM *

(Fund 15)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	688,468	688,468	0
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>688,468</u>	<u>688,468</u>	<u>0</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	0	0	0
Deductible Recoveries	0	0	0
Claims Administrators	0	0	0
Claims Management Information System	0	0	0
Program Administrators	0	0	0
Brokerage Commissions & Fees	0	0	0
Insurance Premiums (net of brokerage)	688,468	688,468	0
Taxes, Assessments & Fees	0	0	0
Actuarial Services	0	0	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	0	0	0
Workshop/Training Expenses	0	0	0
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	0	0	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>688,468</u>	<u>688,468</u>	<u>0</u>

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Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

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CAMPUS AUTO LIABILITY PROGRAM *

(Fund 15)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	0	0	0
Executive Committee & Board Expenses	0	0	0
JPA Insurance	0	0	0
Memberships, Associations & Dues	0	0	0
Chancellor's Office Accounting Services	0	0	0
Chancellor's Office Risk Management Service	0	0	0
JPA Accreditation	0	0	0
JPA Legal	0	0	0
Miscellaneous Expenses	0	0	0
Total General & Administrative Expenses	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Expenses	<u>688,468</u>	<u>688,468</u>	<u>0</u>
Non-Operating Revenues			
Investment Income	0	0	0
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Net Surplus (Deficit)	<u>0</u>	<u>0</u>	
Beginning Retained Earnings	0	0	
Ending Retained Earnings	0	0	

* Vehicle Liability Self-Insurance Program
State Motor Vehicle Self-Insurance Account

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Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

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TOTAL: AORMA PROGRAMS

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	14,716,434	13,895,979	-820,455
Reinsurance Premiums	-2,371,476	-2,529,000	-157,524
Total Operating Revenues	<u>12,344,958</u>	<u>11,366,979</u>	<u>-977,979</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	6,625,623	6,486,978	-138,645
Deductible Recoveries	-50,000	-50,000	0
Claims Administrators	252,100	248,888	-3,212
Claims Management Information System	0	0	0
Program Administrators	1,212,996	1,274,402	61,406
Brokerage Commissions & Fees	360,400	62,182	-298,218
Insurance Premiums (net of brokerage)	3,177,946	3,138,240	-39,706
Taxes, Assessments & Fees	63,003	65,500	2,497
Actuarial Services	11,000	11,000	0
Claims Audit	10,000	10,000	0
Coverage Counsel	6,000	6,000	0
Program Legal	2,500	2,500	0
Miscellaneous Program Services	255	255	0
Workshop/Training Expenses	35,833	27,101	-8,733
Loss Control Expenses	274,113	253,257	-20,856
Appraisals	0	0	0
Reinsurance Recovery	-224,632	-458,298	-233,667
Program Committee	28,688	28,688	0
Dividend Distributions	1,823,733	1,823,733	0
Total Direct Program Expenses	<u>13,609,559</u>	<u>12,930,426</u>	<u>-679,133</u>

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Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

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TOTAL: AORMA PROGRAMS

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	7,539	6,188	-1,351
Executive Committee & Board Expenses	5,340	4,893	-447
JPA Insurance	4,319	3,958	-362
Memberships, Associations & Dues	1,170	1,072	-98
Chancellor's Office Accounting Services	51,045	49,651	-1,395
Chancellor's Office Risk Management Service	146,854	144,622	-2,232
JPA Accreditation	0	0	0
JPA Legal	785	15,111	14,326
Miscellaneous Expenses	2,356	2,159	-197
Total General & Administrative Expenses	<u>219,409</u>	<u>227,654</u>	<u>8,245</u>
Total Operating Expenses	<u>13,828,968</u>	<u>13,158,079</u>	<u>-670,888</u>
Non-Operating Revenues			
Investment Income	355,726	342,933	-12,793
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>355,726</u>	<u>342,933</u>	<u>-12,793</u>
Net Surplus (Deficit)	<u>-1,128,284</u>	<u>-1,448,167</u>	
Beginning Retained Earnings	12,944,533	11,816,249	
Ending Retained Earnings	11,816,249	10,368,082	

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Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

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AORMA LIABILITY PROGRAM

(Fund 21)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	3,823,115	3,747,378	-75,737
Reinsurance Premiums	-825,000	-850,000	-25,000
Total Operating Revenues	<u>2,998,115</u>	<u>2,897,378</u>	<u>-100,737</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	1,585,983	1,443,702	-142,281
Deductible Recoveries	-50,000	-50,000	0
Claims Administrators	15,000	15,000	0
Claims Management Information System	0	0	0
Program Administrators	557,137	596,230	39,093
Brokerage Commissions & Fees	60,000	39,939	-20,061
Insurance Premiums (net of brokerage)	529,115	404,339	-124,776
Taxes, Assessments & Fees	0	0	0
Actuarial Services	5,000	5,000	0
Claims Audit	5,000	5,000	0
Coverage Counsel	5,000	5,000	0
Program Legal	2,500	2,500	0
Miscellaneous Program Services	0	0	0
Workshop/Training Expenses	9,309	7,308	-2,001
Loss Control Expenses	127,714	117,054	-10,660
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	8,619	8,619	0
Dividend Distributions	978,346	978,346	0
Total Direct Program Expenses	<u>3,838,723</u>	<u>3,578,037</u>	<u>-260,686</u>

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Cash Flow Budget of Revenues and Expenses
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AORMA LIABILITY PROGRAM

(Fund 21)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	1,959	1,669	-290
Executive Committee & Board Expenses	1,387	1,320	-68
JPA Insurance	1,122	1,067	-55
Memberships, Associations & Dues	304	289	-15
Chancellor's Office Accounting Services	13,261	13,389	129
Chancellor's Office Risk Management Service	38,150	39,001	850
JPA Accreditation	0	0	0
JPA Legal	204	4,075	3,871
Miscellaneous Expenses	612	582	-30
Total General & Administrative Expenses	<u>56,999</u>	<u>61,392</u>	<u>4,393</u>
Total Operating Expenses	<u>3,895,723</u>	<u>3,639,430</u>	<u>-256,293</u>
Non-Operating Revenues			
Investment Income	118,735	107,283	-11,452
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>118,735</u>	<u>107,283</u>	<u>-11,452</u>
Net Surplus (Deficit)	<u>-778,873</u>	<u>-634,769</u>	
Beginning Retained Earnings	4,356,346	3,577,473	
Ending Retained Earnings	3,577,473	2,942,704	

Includes Cyber Risk Liability

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Cash Flow Budget of Revenues and Expenses
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AORMA WORKERS' COMPENSATION PROGRAM

(Fund 22)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	4,382,449	4,486,750	104,301
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>4,382,449</u>	<u>4,486,750</u>	<u>104,301</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	2,385,037	2,488,673	103,636
Deductible Recoveries	0	0	0
Claims Administrators	205,000	205,000	0
Claims Management Information System	0	0	0
Program Administrators	293,581	351,636	58,055
Brokerage Commissions & Fees	51,700	0	-51,700
Insurance Premiums (net of brokerage)	1,707,007	2,483,349	776,342
Taxes, Assessments & Fees	63,003	65,500	2,497
Actuarial Services	6,000	6,000	0
Claims Audit	5,000	5,000	0
Coverage Counsel	1,000	1,000	0
Program Legal	0	0	0
Miscellaneous Program Services	255	255	0
Workshop/Training Expenses	10,671	8,750	-1,921
Loss Control Expenses	146,399	136,203	-10,196
Appraisals	0	0	0
Reinsurance Recovery	-224,632	-458,298	-233,667
Program Committee	9,906	9,906	0
Dividend Distributions	845,387	845,387	0
Total Direct Program Expenses	<u>5,505,314</u>	<u>6,148,361</u>	<u>643,047</u>

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Cash Flow Budget of Revenues and Expenses
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AORMA WORKERS' COMPENSATION PROGRAM

(Fund 22)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	2,245	1,998	-247
Executive Committee & Board Expenses	1,590	1,580	-10
JPA Insurance	1,286	1,278	-8
Memberships, Associations & Dues	348	346	-2
Chancellor's Office Accounting Services	15,201	16,031	830
Chancellor's Office Risk Management Service	43,732	46,696	2,964
JPA Accreditation	0	0	0
JPA Legal	234	4,879	4,645
Miscellaneous Expenses	702	697	-5
 Total General & Administrative Expenses	 <u>65,338</u>	 <u>73,505</u>	 <u>8,167</u>
 Total Operating Expenses	 <u>5,570,652</u>	 <u>6,221,866</u>	 <u>651,214</u>
Non-Operating Revenues			
Investment Income	177,657	172,862	-4,795
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
 Total Non-Operating Revenues	 <u>177,657</u>	 <u>172,862</u>	 <u>-4,795</u>
 Net Surplus (Deficit)	 <u>-1,010,546</u>	 <u>-1,562,254</u>	
 Beginning Retained Earnings	 4,800,263	 3,789,717	
Ending Retained Earnings	3,789,717	2,227,463	

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Cash Flow Budget of Revenues and Expenses
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AORMA PROPERTY PROGRAM *

(Fund 23)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	3,179,019	2,357,000	-822,019
Reinsurance Premiums	-1,546,476	-1,679,000	-132,524
Total Operating Revenues	<u>1,632,543</u>	<u>678,000</u>	<u>-954,543</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	350,000	250,000	-100,000
Deductible Recoveries	0	0	0
Claims Administrators	0	0	0
Claims Management Information System	0	0	0
Program Administrators	254,983	254,828	-155
Brokerage Commissions & Fees	225,000	0	-225,000
Insurance Premiums (net of brokerage)	728,524	21,000	-707,524
Taxes, Assessments & Fees	0	0	0
Actuarial Services	0	0	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	0	0	0
Workshop/Training Expenses	7,741	4,597	-3,144
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	5,707	5,707	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>1,571,954</u>	<u>536,131</u>	<u>-1,035,823</u>

CSURMA
Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

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AORMA PROPERTY PROGRAM *

(Fund 23)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	1,629	1,050	-579
Executive Committee & Board Expenses	1,154	830	-324
JPA Insurance	933	671	-262
Memberships, Associations & Dues	253	182	-71
Chancellor's Office Accounting Services	11,027	8,422	-2,605
Chancellor's Office Risk Management Service	31,723	24,530	-7,193
JPA Accreditation	0	0	0
JPA Legal	170	2,563	2,393
Miscellaneous Expenses	509	366	-143
Total General & Administrative Expenses	<u>47,396</u>	<u>38,614</u>	<u>-8,782</u>
Total Operating Expenses	<u>1,619,351</u>	<u>574,745</u>	<u>-1,044,605</u>
Non-Operating Revenues			
Investment Income	16,143	17,283	1,140
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>16,143</u>	<u>17,283</u>	<u>1,140</u>
Net Surplus (Deficit)	<u>29,335</u>	<u>120,538</u>	
Beginning Retained Earnings	896,974	926,309	
Ending Retained Earnings	926,309	1,046,847	

* AORMA Property includes Cyber Risk and ID Fraud; AORMA Fidelity is Crime only.

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Cash Flow Budget of Revenues and Expenses
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AORMA CRIME PROGRAM *

(Fund 24)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	337,000	310,000	-27,000
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>337,000</u>	<u>310,000</u>	<u>-27,000</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	50,000	50,000	0
Deductible Recoveries	0	0	0
Claims Administrators	0	0	0
Claims Management Information System	0	0	0
Program Administrators	25,295	24,432	-863
Brokerage Commissions & Fees *	23,700	22,243	-1,457
Insurance Premiums	213,300	229,552	16,252
Taxes, Assessments & Fees *	0	0	0
Actuarial Services	0	0	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	0	0	0
Workshop/Training Expenses	821	605	-216
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	394	394	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>313,509</u>	<u>327,225</u>	<u>13,716</u>

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Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

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AORMA CRIME PROGRAM *

(Fund 24)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	173	138	-35
Executive Committee & Board Expenses	122	109	-13
JPA Insurance	99	88	-11
Memberships, Associations & Dues	27	24	-3
Chancellor's Office Accounting Services	1,169	1,108	-61
Chancellor's Office Risk Management Service	3,363	3,226	-137
JPA Accreditation	0	0	0
JPA Legal	18	337	319
Miscellaneous Expenses	54	48	-6
 Total General & Administrative Expenses	 <u>5,024</u>	 <u>5,079</u>	 <u>54</u>
 Total Operating Expenses	 <u>318,534</u>	 <u>332,304</u>	 <u>13,770</u>
Non-Operating Revenues			
Investment Income	2,220	3,437	1,217
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
 Total Non-Operating Revenues	 <u>2,220</u>	 <u>3,437</u>	 <u>1,217</u>
 Net Surplus (Deficit)	 <u>20,686</u>	 <u>-18,867</u>	
 Beginning Retained Earnings	 234,669	 255,355	
Ending Retained Earnings	255,355	236,488	

* AORMA Crime separated from AORMA Property beginning July 1, 2011

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AORMA UNEMPLOYMENT INSURANCE PROGRAM

(Fund 25)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	2,994,851	2,994,851	0
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>2,994,851</u>	<u>2,994,851</u>	<u>0</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	2,254,603	2,254,603	0
Deductible Recoveries	0	0	0
Claims Administrators	32,100	28,888	-3,212
Claims Management Information System	0	0	0
Program Administrators	82,000	47,276	-34,724
Brokerage Commissions & Fees	0	0	0
Insurance Premiums (net of brokerage)	0	0	0
Taxes, Assessments & Fees	0	0	0
Actuarial Services	0	0	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	0	0	0
Workshop/Training Expenses	7,292	5,841	-1,452
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	4,063	4,063	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>2,380,058</u>	<u>2,340,670</u>	<u>-39,388</u>

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AORMA UNEMPLOYMENT INSURANCE PROGRAM

(Fund 25)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	1,534	1,334	-201
Executive Committee & Board Expenses	1,087	1,055	-32
JPA Insurance	879	853	-26
Memberships, Associations & Dues	238	231	-7
Chancellor's Office Accounting Services	10,388	10,701	313
Chancellor's Office Risk Management Service	29,885	31,169	1,284
JPA Accreditation	0	0	0
JPA Legal	160	3,257	3,097
Miscellaneous Expenses	479	465	-14
Total General & Administrative Expenses	<u>44,651</u>	<u>49,064</u>	<u>4,413</u>
Total Operating Expenses	<u>2,424,708</u>	<u>2,389,734</u>	<u>-34,974</u>
Non-Operating Revenues			
Investment Income	40,971	42,068	1,097
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>40,971</u>	<u>42,068</u>	<u>1,097</u>
Net Surplus (Deficit)	<u>611,114</u>	<u>647,185</u>	
Beginning Retained Earnings	2,656,281	3,267,395	
Ending Retained Earnings	3,267,395	3,914,580	

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PURCHASED INSURANCE PROGRAM *

(Fund 20)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	435,000	435,000	0
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>435,000</u>	<u>435,000</u>	<u>0</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	0	0	0
Deductible Recoveries	0	0	0
Claims Administrators	0	0	0
Claims Management Information System	0	0	0
Program Administrators	0	0	0
Brokerage Commissions & Fees	43,500	43,500	0
Insurance Premiums (net of brokerage)	391,500	391,500	0
Taxes, Assessments & Fees	0	0	0
Actuarial Services	0	0	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	0	0	0
Workshop/Training Expenses	0	0	0
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	0	0	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>435,000</u>	<u>435,000</u>	<u>0</u>

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PURCHASED INSURANCE PROGRAM *

(Fund 20)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	0	0	0
Executive Committee & Board Expenses	0	0	0
JPA Insurance	0	0	0
Memberships, Associations & Dues	0	0	0
Chancellor's Office Accounting Services	0	0	0
Chancellor's Office Risk Management Service	0	0	0
JPA Accreditation	0	0	0
JPA Legal	0	0	0
Miscellaneous Expenses	0	0	0
 Total General & Administrative Expenses	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Total Operating Expenses	 <u>435,000</u>	 <u>435,000</u>	 <u>0</u>
 Non-Operating Revenues			
Investment Income	0	0	0
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
 Total Non-Operating Revenues	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Net Surplus (Deficit)	 <u>0</u>	 <u>0</u>	
 Beginning Retained Earnings	 58,051	 58,051	
Ending Retained Earnings	58,051	58,051	

* Participant Accident Insurance (PAI), Auto Physical Damage (APD), International Progr

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OWNER CONTROLLED INSURANCE PROGRAM

(Fund 16)

<i>Revised</i>	<i>Proposed</i>	
FY 14/15	FY 15/16	Budget
<u>Budget</u>	<u>Budget</u>	<u>Change</u>

Operating Revenues

Contributions	6,118,518	6,118,518	0
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>6,118,518</u>	<u>6,118,518</u>	<u>0</u>

Operating Expenses

Direct Program Expenses

Claims Payments & Legal Expenses	0	0	0
Deductible Recoveries	0	0	0
Claims Administrators	0	0	0
Claims Management Information System	0	0	0
Program Administrators	272,500	272,500	0
Brokerage Commissions & Fees	0	0	0
Insurance Premiums (net of brokerage)	2,366,117	2,366,117	0
Taxes, Assessments & Fees	0	0	0
Actuarial Services	0	0	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	0	0	0
Workshop/Training Expenses	0	0	0
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	0	0	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>2,638,617</u>	<u>2,638,617</u>	<u>0</u>

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Cash Flow Budget of Revenues and Expenses
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OWNER CONTROLLED INSURANCE PROGRAM

(Fund 16)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	3,134	2,725	-410
Executive Committee & Board Expenses	2,220	2,154	-66
JPA Insurance	1,796	1,743	-53
Memberships, Associations & Dues	486	472	-14
Chancellor's Office Accounting Services	21,223	21,862	639
Chancellor's Office Risk Management Service	61,056	63,678	2,622
JPA Accreditation	0	0	0
JPA Legal	327	6,654	6,327
Miscellaneous Expenses	980	951	-29
 Total General & Administrative Expenses	 <u>91,222</u>	 <u>100,238</u>	 <u>9,016</u>
 Total Operating Expenses	 <u>2,729,839</u>	 <u>2,738,855</u>	 <u>9,016</u>
Non-Operating Revenues			
Investment Income	0	0	0
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
 Total Non-Operating Revenues	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Net Surplus (Deficit)	 <u>3,388,679</u>	 <u>3,379,663</u>	
 Beginning Retained Earnings	 -546,239	 2,842,440	
Ending Retained Earnings	2,842,440	6,222,104	

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Cash Flow Budget of Revenues and Expenses
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CLUB SPORTS INSURANCE PROGRAM

(Fund 17)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
Operating Revenues			
Contributions	204,814	204,814	0
Reinsurance Premiums	0	0	0
Total Operating Revenues	<u>204,814</u>	<u>204,814</u>	<u>0</u>
Operating Expenses			
<i>Direct Program Expenses</i>			
Claims Payments & Legal Expenses	104,582	104,582	0
Deductible Recoveries	0	0	0
Claims Administrators	5,000	5,000	0
Claims Management Information System	0	0	0
Program Administrators	0	0	0
Brokerage Commissions & Fees	9,157	9,157	0
Insurance Premiums (net of brokerage)	82,413	82,413	0
Taxes, Assessments & Fees	0	0	0
Actuarial Services	0	0	0
Claims Audit	0	0	0
Coverage Counsel	0	0	0
Program Legal	0	0	0
Miscellaneous Program Services	0	0	0
Workshop/Training Expenses	0	0	0
Loss Control Expenses	0	0	0
Appraisals	0	0	0
Reinsurance Recovery	0	0	0
Program Committee	0	0	0
Dividend Distributions	0	0	0
Total Direct Program Expenses	<u>201,153</u>	<u>201,153</u>	<u>0</u>

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Cash Flow Budget of Revenues and Expenses
Fiscal Year July 1, 2015 to June 30, 2016

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CLUB SPORTS INSURANCE PROGRAM

(Fund 17)

	<i>Revised</i> FY 14/15 <u>Budget</u>	<i>Proposed</i> FY 15/16 <u>Budget</u>	Budget <u>Change</u>
General & Administrative Expenses			
Financial Audit	105	91	-14
Executive Committee & Board Expenses	74	72	-2
JPA Insurance	60	58	-2
Memberships, Associations & Dues	16	16	0
Chancellor's Office Accounting Services	710	732	21
Chancellor's Office Risk Management Service	2,044	2,132	88
JPA Accreditation	0	0	0
JPA Legal	11	223	212
Miscellaneous Expenses	33	32	-1
Total General & Administrative Expenses	<u>3,054</u>	<u>3,355</u>	<u>302</u>
Total Operating Expenses	<u>204,206</u>	<u>204,508</u>	<u>302</u>
Non-Operating Revenues			
Investment Income	0	1,269	1,269
Interest Income - Loans	0	0	0
Miscellaneous Fee Revenue	0	0	0
Total Non-Operating Revenues	<u>0</u>	<u>1,269</u>	<u>1,269</u>
Net Surplus (Deficit)	<u>607</u>	<u>1,575</u>	
Beginning Retained Earnings	88,437	89,044	
Ending Retained Earnings	89,044	90,619	

Launched beginning August 1, 2012

Summary of ALL FUNDS

	Campus Liability (Fund 10)	Campus WC (Fund 11)	Campus IDL/NDI/UI (Fund 12)	Campus Property (Fund 13)	Campus AIME (Fund 14)	Campus AL (Fund 15)	CAMPUS Total	AORMA Liability (Fund 21)	AORMA WC (Fund 22)	AORMA Property (Fund 23)	AORMA Crime (Fund 24)	AORMA UIP (Fund 25)	AORMA Total	PIP (Fund 20)	OCIP (Fund 16)	CSIP (Fund 17)	TOTAL
Revenue																	
Contributions	13,434,901	33,196,159	12,500,000	9,000,000	3,577,749	688,468	72,397,277	3,823,115	4,382,449	3,179,019	337,000	2,994,851	14,716,434	435,000	6,118,518	204,814	93,872,043
Reinsurance Premiums	-165,000	0	0	-4,415,006	0	0	-4,580,006	-825,000	0	-1,546,476	0	0	-2,371,476	0	0	0	-6,951,482
Total Operating Revenues	<u>13,269,901</u>	<u>33,196,159</u>	<u>12,500,000</u>	<u>4,584,994</u>	<u>3,577,749</u>	<u>688,468</u>	<u>67,817,271</u>	<u>2,998,115</u>	<u>4,382,449</u>	<u>1,632,543</u>	<u>337,000</u>	<u>2,994,851</u>	<u>12,344,958</u>	<u>435,000</u>	<u>6,118,518</u>	<u>204,814</u>	<u>86,920,561</u>
Operating Expenses																	
<i>Direct Program Expenses</i>																	
Claims Payments & Legal Expenses	14,862,413	21,760,273	12,000,000	3,363,266	2,872,290	0	54,858,242	1,585,983	2,385,037	350,000	50,000	2,254,603	6,625,623	0	0	104,582	61,588,447
Deductible Recoveries	-4,000,000	0	0	0	0	0	-4,000,000	-50,000	0	0	0	0	-50,000	0	0	0	-4,050,000
Claims Administrators	81,909	4,132,886	60,000	0	130,000	0	4,404,795	15,000	205,000	0	0	32,100	252,100	0	0	5,000	4,661,895
Claims Management Information System	35,000	0	0	0	0	0	35,000	0	0	0	0	0	0	0	0	0	35,000
Program Administrators	181,097	417,939	157,375	198,145	9,635	0	964,190	557,137	293,581	254,983	25,295	82,000	1,212,996	0	272,500	0	2,449,686
Brokerage Commissions & Fees	316,670	160,000	0	442,500	2,000	0	921,170	60,000	51,700	225,000	23,700	0	360,400	43,500	0	9,157	1,334,227
Insurance Premiums (net of brokerage)	3,680,985	13,703,328	0	3,346,193	19,800	688,468	21,438,774	529,115	1,707,007	728,524	213,300	0	3,177,946	391,500	2,366,117	82,413	27,456,751
Taxes, Assessments & Fees	200,000	0	0	0	0	0	200,000	0	63,003	0	0	0	63,003	0	0	0	263,003
Actuarial Services	6,000	6,000	0	0	3,000	0	15,000	5,000	6,000	0	0	0	11,000	0	0	0	26,000
Claims Audit	10,000	2,000	0	0	0	0	12,000	5,000	5,000	0	0	0	10,000	0	0	0	22,000
Coverage Counsel	10,000	0	0	0	0	0	10,000	5,000	1,000	0	0	0	6,000	0	0	0	16,000
Program Legal	0	0	0	0	0	0	0	2,500	0	0	0	0	2,500	0	0	0	2,500
Miscellaneous Program Services	1,000	8,500	1,000	1,000	0	0	11,500	0	255	0	0	0	255	0	0	0	11,755
Workshop/Training Expenses	37,874	40,227	15,147	10,906	20,000	0	124,155	9,309	10,671	7,741	821	7,292	35,833	0	0	0	159,988
Loss Control Expenses	434,535	109,506	0	0	0	0	544,041	127,714	146,399	0	0	0	274,113	0	0	0	818,154
Appraisals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurance Recovery	0	-7,177,318	0	0	0	0	-7,177,318	0	-224,632	0	0	0	-224,632	0	0	0	-7,401,949
Program Committee	0	0	0	0	2,000	0	2,000	8,619	9,906	5,707	394	4,063	28,688	0	0	0	30,688
Dividend Distributions	8,677,518	0	0	0	0	0	8,677,518	978,346	845,387	0	0	0	1,823,733	0	0	0	10,501,251
Total Direct Program Expenses	<u>24,535,000</u>	<u>33,163,342</u>	<u>12,233,522</u>	<u>7,362,010</u>	<u>3,058,725</u>	<u>688,468</u>	<u>81,041,067</u>	<u>3,838,723</u>	<u>5,505,314</u>	<u>1,571,954</u>	<u>313,509</u>	<u>2,380,058</u>	<u>13,609,559</u>	<u>435,000</u>	<u>2,638,617</u>	<u>201,153</u>	<u>97,925,396</u>
General & Administrative Expenses																	
Financial Audit	7,369	17,006	6,404	4,611	1,833	0	37,222	1,959	2,245	1,629	173	1,534	7,539	0	3,134	105	48,000
Executive Committee & Board Expenses	5,220	12,046	4,536	3,266	1,298	0	26,365	1,387	1,590	1,154	122	1,087	5,340	0	2,220	74	34,000
JPA Insurance	4,222	9,743	3,669	2,641	1,050	0	21,325	1,122	1,286	933	99	879	4,319	0	1,796	60	27,500
Memberships, Associations & Dues	1,144	2,639	994	716	284	0	5,777	304	348	253	27	238	1,170	0	486	16	7,450
Chancellor's Office Accounting Services	49,893	115,144	43,357	31,217	12,410	0	252,022	13,261	15,201	11,027	1,169	10,388	51,045	0	21,223	710	325,000
Chancellor's Office Risk Management Services	143,538	331,261	124,736	89,810	35,702	0	725,047	38,150	43,732	31,723	3,363	29,885	146,854	0	61,056	2,044	935,000
JPA Accreditation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
JPA Legal	768	1,771	667	480	191	0	3,877	204	234	170	18	160	785	0	327	11	5,000
Miscellaneous Expenses	2,303	5,314	2,001	1,441	573	0	11,632	612	702	509	54	479	2,356	0	980	33	15,000
Total General & Administrative Expenses	<u>214,455</u>	<u>494,925</u>	<u>186,364</u>	<u>134,182</u>	<u>53,341</u>	<u>0</u>	<u>1,083,266</u>	<u>56,999</u>	<u>65,338</u>	<u>47,396</u>	<u>5,024</u>	<u>44,651</u>	<u>219,409</u>	<u>0</u>	<u>91,222</u>	<u>3,054</u>	<u>1,396,950</u>
Total Operating Expenses	<u>24,749,455</u>	<u>33,658,266</u>	<u>12,419,886</u>	<u>7,496,192</u>	<u>3,112,066</u>	<u>688,468</u>	<u>82,124,333</u>	<u>3,895,723</u>	<u>5,570,652</u>	<u>1,619,351</u>	<u>318,534</u>	<u>2,424,708</u>	<u>13,828,968</u>	<u>435,000</u>	<u>2,729,839</u>	<u>204,206</u>	<u>99,322,346</u>
Non-Operating Revenues																	
Investment Income	673,276	1,174,521	150,522	94,128	51,826	0	2,144,274	118,735	177,657	16,143	2,220	40,971	355,726	0	0	0	2,500,000
Interest Income - Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous Fee Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Operating Revenues	<u>673,276</u>	<u>1,174,521</u>	<u>150,522</u>	<u>94,128</u>	<u>51,826</u>	<u>0</u>	<u>2,144,274</u>	<u>118,735</u>	<u>177,657</u>	<u>16,143</u>	<u>2,220</u>	<u>40,971</u>	<u>355,726</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,500,000</u>
Net Surplus (Deficit)	<u>-10,806,278</u>	<u>712,414</u>	<u>230,636</u>	<u>-2,817,070</u>	<u>517,510</u>	<u>0</u>	<u>-12,162,788</u>	<u>-778,873</u>	<u>-1,010,546</u>	<u>29,335</u>	<u>20,686</u>	<u>611,114</u>	<u>-1,128,284</u>	<u>0</u>	<u>3,388,679</u>	<u>607</u>	<u>-9,901,785</u>
Beginning Retained Earnings (at 7/1/14)	24,390,297	13,919,640	2,290,907	7,093,740	496,395	0	48,190,979	4,356,346	4,800,263	896,974	234,669	2,656,281	12,944,533	58,051	-546,239	88,437	60,735,761
Ending Retained Earnings (at 6/30/15 est.)	13,584,019	14,632,054	2,521,543	4,276,670	1,013,905	0	36,028,191	3,577,473	3,789,717	926,309	255,355	3,267,395	11,816,249	58,051	2,842,440	89,044	50,833,976

Summary of ALL FUNDS

	Campus Liability (Fund 10)	Campus WC (Fund 11)	Campus IDL/NDI/UI (Fund 12)	Campus Property (Fund 13)	Campus AIME (Fund 14)	Campus AL (Fund 15)	CAMPUS Total	AORMA Liability (Fund 21)	AORMA WC (Fund 22)	AORMA Property (Fund 23)	AORMA Crime (Fund 24)	AORMA UIP (Fund 25)	AORMA Total	PIP (Fund 20)	OCIP (Fund 16)	CSIP (Fund 17)	TOTAL
Revenue																	
Contributions	13,514,960	37,744,986	13,500,000	8,000,000	3,577,749	688,468	77,026,163	3,747,378	4,486,750	2,357,000	310,000	2,994,851	13,895,979	435,000	6,118,518	204,814	97,680,474
Reinsurance Premiums	-170,000	0	0	-4,415,006	0	0	-4,585,006	-850,000	0	-1,679,000	0	0	-2,529,000	0	0	0	-7,114,006
Total Operating Revenues	13,344,960	37,744,986	13,500,000	3,584,994	3,577,749	688,468	72,441,157	2,897,378	4,486,750	678,000	310,000	2,994,851	11,366,979	435,000	6,118,518	204,814	90,566,468
Operating Expenses																	
<i>Direct Program Expenses</i>																	
Claims Payments & Legal Expenses	10,479,289	22,793,810	12,000,000	3,363,266	2,946,611	0	51,582,976	1,443,702	2,488,673	250,000	50,000	2,254,603	6,486,978	0	0	104,582	58,174,536
Deductible Recoveries	-4,000,000	0	0	0	0	0	-4,000,000	-50,000	0	0	0	0	-50,000	0	0	0	-4,050,000
Claims Administrators	81,909	4,132,886	60,000	0	130,000	0	4,404,795	15,000	205,000	0	0	28,888	248,888	0	0	5,000	4,658,683
Claims Management Information System	35,000	0	0	0	0	0	35,000	0	0	0	0	0	0	0	0	0	35,000
Program Administrators	204,172	415,409	175,120	208,176	10,124	0	1,013,001	596,230	351,636	254,828	24,432	47,276	1,274,402	0	272,500	0	2,559,903
Brokerage Commissions & Fees	317,819	0	0	442,500	2,000	0	762,319	39,939	0	0	22,243	0	62,182	43,500	0	9,157	877,158
Insurance Premiums (net of brokerage)	3,691,323	24,146,033	0	3,346,193	19,800	688,468	31,891,817	404,339	2,483,349	21,000	229,552	0	3,138,240	391,500	2,366,117	82,413	37,870,088
Taxes, Assessments & Fees	200,000	0	0	0	0	0	200,000	0	65,500	0	0	0	65,500	0	0	0	265,500
Actuarial Services	6,000	6,000	0	0	3,000	0	15,000	5,000	6,000	0	0	0	11,000	0	0	0	26,000
Claims Audit	10,000	2,000	0	0	0	0	12,000	5,000	5,000	0	0	0	10,000	0	0	0	22,000
Coverage Counsel	10,000	0	0	0	0	0	10,000	5,000	1,000	0	0	0	6,000	0	0	0	16,000
Program Legal	0	0	0	0	0	0	0	2,500	0	0	0	0	2,500	0	0	0	2,500
Miscellaneous Program Services	151,000	8,500	1,000	1,000	0	0	161,500	0	255	0	0	0	255	0	0	0	161,755
Workshop/Training Expenses	26,357	73,612	26,328	15,602	20,000	0	161,899	7,308	8,750	4,597	605	5,841	27,101	0	0	0	189,000
Loss Control Expenses	481,010	196,132	0	0	0	0	677,142	117,054	136,203	0	0	0	253,257	0	0	0	930,399
Appraisals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurance Recovery	0	-11,599,985	0	0	0	0	-11,599,985	0	-458,298	0	0	0	-458,298	0	0	0	-12,058,283
Program Committee	0	0	0	0	2,000	0	2,000	8,619	9,906	5,707	394	4,063	28,688	0	0	0	30,688
Dividend Distributions	0	0	0	0	0	0	0	978,346	845,387	0	0	0	1,823,733	0	0	0	1,823,733
Total Direct Program Expenses	11,693,879	40,174,397	12,262,448	7,376,737	3,133,535	688,468	75,329,465	3,578,037	6,148,361	536,131	327,225	2,340,670	12,930,426	435,000	2,638,617	201,153	91,534,660
General & Administrative Expenses																	
Financial Audit	6,019	16,809	6,012	3,563	1,593	0	33,996	1,669	1,998	1,050	138	1,334	6,188	0	2,725	91	43,000
Executive Committee & Board Expenses	4,759	13,291	4,754	2,817	1,260	0	26,880	1,320	1,580	830	109	1,055	4,893	0	2,154	72	34,000
JPA Insurance	3,849	10,750	3,845	2,278	1,019	0	21,741	1,067	1,278	671	88	853	3,958	0	1,743	58	27,500
Memberships, Associations & Dues	1,043	2,912	1,042	617	276	0	5,890	289	346	182	24	231	1,072	0	472	16	7,450
Chancellor's Office Accounting Services	48,289	134,864	48,236	28,584	12,783	0	272,756	13,389	16,031	8,422	1,108	10,701	49,651	0	21,862	732	345,000
Chancellor's Office Risk Management Services	140,657	392,830	140,501	83,260	37,235	0	794,482	39,001	46,696	24,530	3,226	31,169	144,622	0	63,678	2,132	1,004,914
JPA Accreditation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
JPA Legal	14,697	41,045	14,680	8,700	3,891	0	83,013	4,075	4,879	2,563	337	3,257	15,111	0	6,654	223	105,000
Miscellaneous Expenses	2,100	5,864	2,097	1,243	556	0	11,859	582	697	366	48	465	2,159	0	951	32	15,000
Total General & Administrative Expenses	221,411	618,365	221,166	131,062	58,613	0	1,250,617	61,392	73,505	38,614	5,079	49,064	227,654	0	100,238	3,355	1,581,864
Total Operating Expenses	11,915,291	40,792,762	12,483,615	7,507,798	3,192,148	688,468	76,580,082	3,639,430	6,221,866	574,745	332,304	2,389,734	13,158,079	435,000	2,738,855	204,508	93,116,524
Non-Operating Revenues																	
Investment Income	560,194	1,303,274	130,520	110,920	50,889	0	2,155,798	107,283	172,862	17,283	3,437	42,068	342,933	0	0	1,269	2,500,000
Interest Income - Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous Fee Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Operating Revenues	560,194	1,303,274	130,520	110,920	50,889	0	2,155,798	107,283	172,862	17,283	3,437	42,068	342,933	0	0	1,269	2,500,000
Net Surplus (Deficit)	1,989,864	-1,744,501	1,146,905	-3,811,885	436,490	0	-1,983,127	-634,769	-1,562,254	120,538	-18,867	647,185	-1,448,167	0	3,379,663	1,575	-50,057
Beginning Retained Earnings (at 7/1/15 est.)	13,584,019	14,632,054	2,521,543	4,276,670	1,013,905	0	36,028,191	3,577,473	3,789,717	926,309	255,355	3,267,395	11,816,249	58,051	2,842,440	89,044	50,833,976
Ending Retained Earnings (at 6/30/16 est.)	15,573,882	12,887,553	3,668,449	464,786	1,450,394	0	34,045,064	2,942,704	2,227,463	1,046,847	236,488	3,914,580	10,368,082	58,051	6,222,104	90,619	50,783,919

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

BOARD OF DIRECTORS RESOLUTION NO. 01-15 (BOD)

Resolution Adopting CSURMA Operating Budget for FY 2015/16

The Board of Directors of the California State University Risk Management Authority finds and determines that the FY 2015/16 operating budget shall be as follows:

Major features of the proposed **Campus Programs** budget include:

- Projected increase in Total contributions from \$72,397,277 to \$77,026,163.
- Projected increase in Liability contributions from \$13,434,901 to \$13,514,960 due to actuarial projected claim trend.
- Projected increase in Workers' Compensation contributions from \$33,196,159 to \$37,744,986 due to actuarial projected claim trend.
- Projected increase in IDL/NDL/UI contributions from \$12,500,000 to \$13,500,000 due to claims trend.
- Projected decrease in Property contributions from \$9,000,000 to \$8,000,000 due to change in Property rates. Premiums are subject to adjustment based on final reported total insured values (TIV).
- No change in AIME contributions of \$3,577,749 - pending recommendation of the AIME Committee.
- No change in Auto Liability contributions of \$688,468 per FY 2015/16 Motor Vehicle Self-Insurance Account allocation.

The proposed Campus programs operating budget would develop Total Revenues of \$72,441,157 (net of reinsurance premiums), Total Operating Expenses of \$76,580,082, and Total Non-Operating Revenues of \$2,155,798, generating Net Deficit of \$1,983,127 to be funded by retained earnings. *The preceding does not include projected Dividend Distributions during FY 2015/16, which, if any, will increase expenditures and decrease fund reserves.*

Major features of the proposed **AORMA Programs** budget include:

- Projected decrease in Total contributions from \$14,716,434 to \$13,895,979.
- Projected decrease in Liability contributions from \$3,823,115 to \$3,747,378 due to actuarial projected claim trend and projected reinsurance premiums.
- Projected increase in Workers' Compensation contributions from \$4,382,449 to \$4,486,750 due to actuarial projected claim trend and projected excess insurance premium.
- Projected decrease in Property contributions from \$3,179,019 to \$2,357,000 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.
- Projected decrease in Crime from \$337,000 to \$310,000 due to claims experience.
- No change in Unemployment Insurance contributions of \$2,994,851 – pending AORMA Committee recommendation.

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

The proposed AORMA programs operating budget would develop Total Operating Revenues of \$11,366,979 (net of reinsurance premiums), Total Operating Expenses of \$13,158,079, and Total Non-Operating Revenues of \$342,933, generating a deficit \$1,448,887 to be funded by retained earnings.

The proposed operating budget would develop Total Operating Revenues of \$90,566,468 (net of reinsurance premiums), Total Operating Expenses of \$93,116,524, and Total Non-Operating Revenues of \$2,500,000, generating a Net Deficit of \$50,057 to be funded by retained earnings. *The preceding does not include projected Campus Dividend Distributions during FY 2015/16, which, if any, will increase expenditures and decrease fund reserves.*

In consideration of the foregoing findings and determinations,

IT IS RESOLVED by the Board of Directors of the California State University Risk Management Authority as follows:

- 1) The California State University Risk Management Authority does hereby adopt the FY 2015/16 operating budget as presented herein.
- 2) The CSURMA Treasurer is hereby authorized pursuant to California Government Code Section 53607 to invest or reinvest funds of CSURMA, or to sell or exchange securities so purchased for the period ending April 26, 2016, and may also delegate responsibilities, as appropriate, to the Assistant Vice Chancellor of Financing, Treasury and Risk Management of the CSU (Assistance Vice Chancellor) in his/her capacity as staff to CSURMA.

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Board of Directors of the California State University Risk Management Authority held on April 27, 2015 which was approved by the following votes:

AYES, and in favor thereof, members:

NOES, members:

ABSTAIN, members:

ABSENT, members:

Linda Hawk, Chair

Robert Eaton, Secretary-Auditor

California Government Code: Section 53607

The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

NOMINATING COMMITTEE REPORT AND EXECUTIVE COMMITTEE ELECTIONS

ISSUE: As documented in attached CSURMA Policy and Procedure No. 18, Executive Committee members are nominated by a Nominating Committee, which is appointed by the CSURMA Chair. An election is held by the CSURMA Board of Directors. At the February 8th Executive Committee meeting, Linda Hawk appointed a Nominating Committee of George Ashkar, Lori Gentles and Michael Thorpe. The Nominating Committee will report on their findings at today's meeting.

The Executive Committee currently has one vacant seat due to the departure of Cynthia Teniente-Matson and a second seat will become available July 1, 2015 because Mike Thorpe will have served his maximum three consecutive two-year terms. Since, Matson's departure, CSURMA Vice Chair, Linda Hawk, has served as the Acting Chair as provided in CSURMA's governing documents.

As shown on the attachment, the following four seats are up for election at the April 27, 2015 Board of Directors meeting:

- Chair
- Vice Chair
- Seat 1, Lisa Chavez currently holds this seat which is up for election
- Seat 2, Michael Thorpe has served the maximum three consecutive two year terms; therefore, this seat is up for election

RECOMMENDATION: The Board of Directors will be asked to elect nominees to fill the seats up for election.

FISCAL IMPACT: None.

PUBLICATION: None.

BACKGROUND: CSURMA's Executive Committee is comprised of nine voting members and one non-voting member. The CSURMA Treasurer is appointed by the CSU Executive Vice Chancellor, Business and Finance and the CSURMA Secretary-Auditor is appointed by the

CSURMA Executive Committee. The Secretary-Auditor is a non-voting seat. Six seats are elected from among Campus members and two seats are held by the AORMA Committee Chair and AORMA Committee Vice-Chair.

Regular elections of members are conducted pursuant to Policy and Procedure No. 18 – Board of Directors Participation and Executive Committee Nominations and Elections Process.

ATTACHMENT(S):

- a. CSURMA Executive Committee Terms of Office for FY 14/15 as Elected
- b. CSURMA Policy and Procedure No. 18 – Board of Directors Participation and Executive Committee Nominations and Elections Process

CSURMA

EXECUTIVE COMMITTEE TERMS OF OFFICE FY 2014/2015 - As Elected

Position (election year)	July 1, 2007 to June 30, 2008	July 1, 2009 to June 30, 2010	July 1, 2010 to June 30, 2011	July 1, 2011 to June 30, 2012	July 1, 2012 to June 30, 2013	July 1, 2013 to June 30, 2014	July 1, 2014 to June 30, 2015	July 1, 2015 to June 30, 2016
Chair - (even year)	Morishita	Morishita	Matson	Matson	Matson	Matson	Matson/TBD	TBD
Vice-Chair - (even year)	Graham	Matson	Rodriguez	Rodriguez	Rodriguez	Rodriguez/ Hawk	Hawk	TBD
CSU Seat #1 - (odd year)	Matson	Rodriguez	Morishita	Hawk	Hawk	Hawk/Chavez	Chavez	TBD
CSU Seat #2 - (odd year)	Risser/Thorpe	Thorpe	Thorpe	Thorpe	Thorpe	Thorpe	Thorpe	TBD
CSU Seat #3 - (even year)	D. West	Wight	Wight	Wight	Gentles	Gentles	Gentles	Gentles
CSU Seat #4 - (even year)	Garcia	Garcia	McCarron	McCarron	McCarron	Lee	Lee	Lee
AORMA Seat #5 - Chair	Prenovost	Mimnaugh	Brown	Worley	Borsting	Brummett	de Wit	Mumford
AORMA Seat #6 - Vice Chair	Jackson	Brown	Worley	Borsting	Brummett	de Wit	Mumford	Dalpe
CSU Seat #7/Treasurer - Appointed by EVC/CFO	Hordyk/ Nickles	Ashkar	Ashkar	Ashkar	Ashkar	Ashkar	Ashkar	Ashkar
Secretary/Auditor - Appointed CSURMA EC	Minnick	Minnick	Minnick	Minnick	Minnick/ Rodriguez	Rodriguez/Eaton	Eaton	Eaton

Notes:

Michael Thorpe has served the maximum three consecutive two year terms.

The Treasurer is appointed by the CSU Executive Vice Chancellor/CFO and holds a seat on the CSURMA Executive Committee.

The Secretary-Auditor is appointed by the CSURMA Executive Committee and does not hold a voting seat on the Executive Committee.

Names in **RED** indicates seat up for election at April 2015 Board of Directors meeting.



CSURMA

POLICY AND PROCEDURE NO. 18

ADOPTED: March 22, 2013

EFFECTIVE: March 22, 2013

SUBJECT: BOARD OF DIRECTORS PARTICIPATION AND EXECUTIVE COMMITTEE NOMINATIONS AND ELECTIONS PROCESS

PURPOSE: The purpose of this Policy and Procedure No. 18 is to describe the process by which members of the CSURMA Board of Directors are appointed and Executive Committee members are nominated and elected.

POLICY: It is the policy of the CSURMA that membership in the Board of Directors shall be adequately documented, and that nomination and election to the Executive Committee shall follow the process described in this Policy and Procedure No. 18. The AORMA Committee may adopt a separate policy and procedure applicable to auxiliary organization representation on the AORMA Committee and Board of Directors.

PROCEDURE: The following activities will be performed to effect the above stated policy.

1. Board of Directors Participation:
 - a. The CSU Executive Vice Chancellor, Business & Finance (EVC/CFO) will determine in writing to the Secretary-Auditor how to allocate CSURMA Board votes.
 - b. If votes are to be delegated to a campus, the EVC/CFO's campus designee will provide a written statement to the Secretary-Auditor of which person will be the primary representative of the campus and may designate one alternate representative. If the primary or alternate representative are to be replaced or are no longer eligible to serve, the campus designee will provide a written statement of the replacement.
 - c. The Program Administrator will maintain a list of primary and alternate representatives and will conduct orientations at least annually for new Board members.
2. Executive Committee Nominations and Elections:
 - a. Prior to the spring Board of Directors meeting the Chair will appoint a Nominating Committee to seek nominations for available positions on the Executive Committee.
 - b. The Nominating Committee will evaluate potential candidates and provide a report to the Board of Directors at the spring meeting.
 - c. The Board of Directors will conduct elections at the spring meeting for terms beginning July 1.
 - d. The Program Administrator will conduct orientations for new Board members.

AMENDMENT OF POLICIES AND PROCEDURES

ISSUE: The Executive Committee adopted Resolution No. 04-13 (EC) which specifies that CSURMA's policies and procedures will be reviewed on a regular basis to ensure administrative tasks remain relevant and effective for its operations. The resolution defines the process for the Executive Committee to review even-numbered policies and procedures in even-numbered calendar years, and odd-numbered policies and procedures in odd-numbered calendar years.

The Executive Committee reviewed all of the odd-numbered policies and procedures at its meeting on March 19, 2015 and is recommending revisions to Policy and Procedure Nos. 5, 7 and 13. These policies and procedures are attached in redline strikeout.

RECOMMENDATION: The Board of Directors is asked to approve amendments to Policy and Procedure Nos. 5, 7 and 13 as presented.

FISCAL IMPACT: None.

BACKGROUND: To date, CSURMA has adopted twenty-one policies and procedures.

PUBLICATION: The revised policies and procedures will be posted on the CSURMA website.

ATTACHMENT(S):

- a) Resolution No. 04-13 (EC)
- b) No. 5 - Claims Audits
- c) No. 7 - Self-Insured Program Funding
- d) No. 13 - Campus Risk Pool Target Reserve Funding Policy

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**EXECUTIVE COMMITTEE
RESOLUTION NO. 04-13 (EC)**

Resolution to Review CSURMA Policies and Procedures

The Executive Committee of the California State University Risk Management Authority ("CSURMA") finds and determines as follows:

1. CSURMA has adopted various policies and procedures necessary and beneficial to the operation of the Authority.
2. Periodic review of CSURMA's adopted policies and procedures is necessary to ensure they remain current and appropriate.
3. The Executive Committee and AORMA Committees each hold annual Long Range Planning Meetings at which a review of policies and procedures would be appropriate.

In consideration of the foregoing findings and determinations,

IT IS RESOLVED by the Executive Committee of the California State University Risk Management Authority as follows:

1. The CSURMA Executive Committee and AORMA Committees shall each conduct an annual review of their respective policies and procedures at each Committee's annual Long Range Planning Meeting.
2. In the absence of other reasons to review a policy and procedure more frequently, odd numbered policies and procedures shall be reviewed in odd calendar years and even numbered policies and procedures shall be reviewed in even calendar years.
3. The CSURMA Program Administrator shall schedule the reviews in the annual administrative service calendar which shall be included in each Committee's agenda materials for regularly scheduled meetings, and cause the reviews required under this resolution to be included in the Long Range Planning agendas.

* * * * *

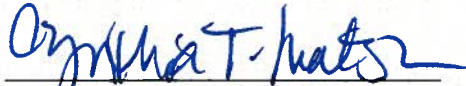
I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Executive Committee of the California State University Risk Management Authority held on September 12-13, 2013 which was approved by the following votes:


AYES, and in favor thereof, members:

NOES, members: None.

ABSTAIN, members:

ABSENT, members:

ATTEST: 
Cynthia Teniente-Matson, Chair


Mary Ann Rodriguez, Secretary-Auditor



CSURMA

POLICY AND PROCEDURE NO. 5

EFFECTIVE: JULY 1, 1999

REVISED: APRIL 27, 2015

SUBJECT: CLAIMS AUDITS

POLICY:

It is the policy of the California State University Risk Management Authority (CSURMA) that Third-Party Claims Administrators shall be audited on a periodic basis to ensure that CSURMA is receiving high-quality services.

PROCEDURE:

The CSURMA Program Administrator shall take steps to engage the services of an independent, professional claims auditor to audit the CSURMA's risk pooling programs at the following period intervals:

- **Campus Liability Risk Pool** - The Campus Pooled Liability Program shall be audited in odd-numbered calendar years;
- **Campus Workers' Compensation Risk Pool** - The Campus Pooled Workers' Compensation Program shall be audited in odd-numbered calendar years; and
- **AIME Risk Pool** - The Campus Pooled AIME Program shall be audited in odd-numbered calendar years;
- **AORMA Liability Risk Pool** - The AORMA Pooled Liability Program shall be audited in odd-numbered calendar years;
- **AORMA Workers' Compensation Risk Pool** - The AORMA Pooled Workers' Compensation Program shall be audited in even-numbered calendar years; and
- **Other Risk Pooling Programs** - Other risk pooling programs of the CSURMA shall be audited on a periodic basis determined by the CSURMA Executive Committee.

Upon the recommendation of the Program Administrator, the Executive Committee may adjust the audit schedule described above based on CSURMA's business needs such as a planned Request-for-Proposal process, or a need to monitor a vendor's service performance more frequently.



CSURMA

POLICY AND PROCEDURE NO. 7

EFFECTIVE: JANUARY 1, 2000

REVISED: APRIL 27, 2015

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~~ include 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;
- 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



CSURMA

POLICY AND PROCEDURE NO. 7

- 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~~ Staff shall make an annual report to the Board of Directors, detailing the self-insurance programs' progress toward achieving this funding policy status in accordance with this Policy & Procedure No. 7.



CSURMA

POLICY AND PROCEDURE NO. 13

ADOPTED: OCTOBER 28, 2011

EFFECTIVE: OCTOBER 28, 2011

REVISED: APRIL 27, 2015

SUBJECT: CAMPUS RISK POOL PROGRAMS TARGET RESERVE FUNDING GOAL

In an effort to assure the long term financial strength of the Campus Risk Pool Programs that include an element of self-insurance, the CSURMA Board of Directors desires to fund the Programs in a responsible manner. Furthermore, in recognition that there is a high degree of uncertainty in actuarial estimates due to the possibility of occasional catastrophic claims and inconsistent or inaccurate case reserving, the Board of Directors desires to establish a Target Reserve Funding Goal that will guide the CSURMA Executive Committee in making annual funding decisions for the Programs.

Should there be any discrepancy between this document and either the MEMORANDUMS OF COVERAGE or PARTICIPATION AGREEMENTS between the Executive Committee and the MEMBER, the MEMORANDUMS OF COVERAGE and the PARTICIPATION AGREEMENTS will govern.

POLICY

The Target Reserve Goal is hereby established to be, at a minimum, the actuarially determined expected liability (approximately 55% confidence level), discounted for investment. In evaluating the Programs' funding position relative to the Target Reserve Funding Goal as a part of each year's ratemaking process, the Committee shall take into consideration the following ratios: Gross Premium to Unencumbered Reserve Ratio, Unencumbered Reserve to Pool Retention Ratio and Outstanding Reserves to Unencumbered Reserve Ratio.

The Committee may take action to set higher or lower confidence levels based on CSURMA's goals to retain more or less risk. The Target Reserve Goal and Target Unencumbered Reserve Ratios described in this policy have been selected to take into account the nature of the Campus Risk Pool programs that include a relatively large and stable exposure and a single covered entity with substantial financial capacity.

PROCEDURE

1. Annual Actuarial Study - Each year the Program Director will engage CSURMA's accredited independent actuary to perform an actuarial analysis of the Workers' Compensation, AIME and Liability Programs. This analysis shall include estimates of the outstanding losses (including IBNR) at various confidence levels as well as estimates of ultimate losses for the upcoming year(s). The analysis shall also compare the current

program funding against the outstanding liabilities and determine the confidence level to which the program is currently funded. Because the Property, SAFECLIP, SPLIP and Crime

Programs have an annual aggregate retention, an actuarial analysis may not be performed. Also, no actuarial study is required for the IDL/NDL/UI Program as that program covers very short tail statutory benefits.

- 2. Calculation of Industry Ratios** - The Program Administrator Director will also calculate certain insurance industry ratios to help analyze the Program's current financial position as follows:

Gross Premium to Unencumbered Reserve Ratio: Target <3:1

This ratio is a measure of how the unencumbered reserves are leveraged against possible pricing inaccuracies. A low ratio is desirable.

**Unencumbered Reserve to Pool Retention Ratio: Target >1:1 (LIABILITY)
Target >2:1 (WORKERS' COMP)**

This ratio is a measure of the maximum amount that unencumbered reserves could decline due to a single loss. A high ratio is desirable.

Outstanding Reserves to Unencumbered Reserve Ratio: Target ≤ 5:1

This ratio is a measure of how unencumbered reserves are leveraged against possible reserve inaccuracies. A low ratio is desirable.

- 3. Application of Target Surplus Criteria** – After an annual review of the Target Unencumbered Reserve Ratios, the Executive Committee will determine whether it is desirable to increase, decrease, or stabilize reserves. Their recommendations will be forwarded to the Board of Directors. If the Board of Directors desires to decrease reserves, it may approve a funding level below the 55% confidence level. Conversely, a funding decision above the 55% confidence level will indicate a bias toward increasing reserves. A determination to fund at the 55% confidence level will reflect the Executive Committee's desire to keep surplus at the current level.

Because the Property, SAFECLIP, SPLIP and Crime Programs have annual aggregate retentions, and therefore no actuarial study is performed, the Target Reserve Funding shall be the amount of funds that exceed the maximum liability retained by the program for the upcoming program year plus the expected value for all open claims from current and prior years. The Executive Committee will approve the annual funding for each program.

The Program Target Reserve Funding and Dividend Calculation Report will be prepared for each self-funded program and presented to the Executive Committee after the end of each fiscal year.

4. **Dividends** – Dividends may be available from the amount of reserves exceeding the Target Reserve amount established by the Executive Committee. The allocation of any dividend shall be pursuant to the formula approved by the Executive Committee.

5. **Assessments** – Assessments may be required when the Executive Committee determines that the amount of reserves is not sufficient and can best be remedied by an extraordinary assessment. The allocation of any assessment shall be pursuant to the formula approved by the Executive Committee.

MEMBER APPEAL PROCESS

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary within 30 days of the disputed decision. The Secretary shall place the Member’s appeal on the Executive Committee’s agenda at its next regularly scheduled meeting. The Executive Committee will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

If a Member wishes to appeal the Executive Committee’s decision, the Member will notify the CSURMA Secretary in writing within 5 business days of receipt of the Executive Committee’s decision. The CSURMA Executive Committee will then review the appeal at its next meeting or sooner. The CSURMA Executive Committee’s decision will be the final determination.

DEFINITIONS:

CSURMA EXECUTIVE COMMITTEE – The California State University Risk Management Authority Executive Committee, a committee of the CSURMA providing management and oversight to the CSURMA. The Executive Committee is comprised of the Chair, the Vice Chair, and seven “At Large” members.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its Auxiliary Organizations.

GROSS PREMIUM - Includes pool premium and reinsurance/excess insurance premium but does not include administrative costs.

IBNR – Incurred but Not Reported losses

OUTSTANDING RESERVES - The sum total of unpaid case reserves in the pool layer as determined by the various claims examiners.

POOL RETENTION - The maximum amount of exposure to a single loss retained by the pool over the most recent 5 years.

SURPLUS - The amount of cash equivalent available to pay claims in excess of actuarial expected losses discounted for investment income.

CONFIDENCE LEVEL: A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, an 80% confidence level means that the actuary believes funding will be sufficient in eight years out of ten.

FY 15/16 LONG RANGE PLANNING GOALS

ISSUE: The Executive Committee held its long range planning session on March 20, 2015. The planning session consisted of a review of the FY 14/15 Long Range Action Plan, a report on its status, an evaluation on where efforts should be focused for the next one to three years, and the development of new long range goals for FY 15/16 and beyond. Based on the discussions during the long range planning session, Staff drafted the FY 15/16 Long Range Action Plan summarizing goals to be accomplished in the next fiscal year for the Board of Directors review today.

The FY 15/16 Long Range Action Plan will be finalized and approved by the Executive Committee at its meeting on March 8th.

RECOMMENDATION: This item is provided as information only, no action is requested.

FISCAL IMPACT: None.

BACKGROUND: The Executive Committee establishes a Long Range Action Plan every year. The planning session is held in March to consider how CSURMA may be refined to improve member services and to evaluate areas of coverage in response to emerging risk.

PUBLICATION: The Long Range Action Plan is included in every Executive Committee and Board of Directors agenda packets.

ATTACHMENT(S):

- a. FY 14/15 Long Range Action Plan
- b. FY 15/16 Long Range Action Plan (draft)

FY 2014/15 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
LRP-1 CSURMA 101				
Develop ppt 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.	1. Draft outline of presentation.	PA	08/01/14	Completed
	2. Develop PowerPoint presentation.	PA	09/01/14	Completed
	3. Review/edit PowerPoint presentation	PA, SRM	09/15/14	Completed
	4. Finalize PowerPoint presentation	PA	10/01/14	Completed
	5. Upload to CSURMA website.	PA	10/22/14	Completed
LRP-2 UNEMPLOYMENT INSURANCE				
Evaluate CSU's Unemployment Insurance claim trends and establish methods to improve results.	1. Regular cost analysis trend reports – SRM – Completed – October 2014	PA, SRM, Equifax	09/01/14	Completed
	2. Research additional reports and data that might be available	PA, SRM, Equifax	Nov - Dec 2014	Completed
	3. Identify what additional data might be necessary to drill down to actual employee trends	PA, SRM, Equifax	Jan, 2015	Completed
	4. Submit a report to the LRP Committee in March – Current trend reports and potential reports	PA, SRM	March, 2015	Completed
	5. LRP/EC Committee decides if data warrants additional action	PA, SRM	March, 2015	Completed
	6. As appropriate – work on obtaining services, data, or other information to continue mitigation efforts	PA, SRM, EC	Jun - Dec, 2015	
LRP-3 WORKERS' COMPENSATION CLAIMS CLOSURE INITIATIVE				
Develop and implement plan to reduce WC claims liability, with specific goal to improve claims settlement and closure of very old claims.	1. Review proposed conceptual plan with Executive Committee	PA, SRM	03/21/14	Completed
	2. Executive Committee Action to begin project	EC	05/09/14	Completed
	3. Identify claims for action, adopt strategy	PA, SRM, Sedgwick, Consultant	06/01/14	Completed
	4. Meeting with campus to obtain support for strategy and action plan	PA, SRM, Sedgwick, Consultant	06/01/14	Completed
	5. Implement Strategy	PA, SRM, Sedgwick, Consultant	Jul - Nov 2014	Completed
	6. Status report to CSURMA EC	PA, SRM, Sedgwick, Consultant	12/05/14	Completed
	7. Project Completion Review with EC to determine next steps	PA, SRM	05/08/15	
LRP-4 WORKERS' COMPENSATION REINSURANCE				

FY 2014/15 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
Re-evaluate Primary Workers' Compensation Reinsurance as a vehicle to mitigate CSU's cost of WC claims funding.	1. Review WC funding requirements and actuary's recommendations.	PA, SRM	08/01/14	Completed
	2. Develop coverage specification and proposed rating structure.	PA	09/01/14	Completed
	3. Market plan to underwriters.	PA	Oct - Nov 2014	Completed
	4. Obtain and evaluate carrier quotes.	PA	01/19/15	Completed
	5. Meetings with potential Underwriters	PA, SRM, EC	May 2014 - Feb 2015	Completed
	6. Obtain necessary approvals from SRM, EC.	PA, SRM, EC	Mar 2015	Completed
	7. Effective date of reinsurance, if taken.	Reinsurer	07/01/15	Completed
LRP-5 OCIP RENEWAL				
Develop process and establish timeline to renew the Owner-controlled Insurance Program covering CSU's capital construction	1. Presentations on status of OCIP to CSURMA BOD, CSU CABO	PA, CPDC	May - Aug 2014	Completed
	2. Develop coverage specification and proposed rating structure.	PA, CPDC	07/01/14	Completed
	3. Develop target rating structure.	PA	08/01/14	Completed
	4. Market plan to underwriters.	PA	Aug - Sept 2014	Completed
	5. Obtain and evaluate carrier quotes.	PA, CPDC	10/01/14	Completed
	6. Draft coverage plan summary and rates.	PA	10/01/14	Completed
	7. Obtain necessary approvals from CPDC, SRM, EC.	PA, CPDC, SRM, EC	10/01/14	Completed
	8. Roll out renewal to CABO, Facilities Conference, Campuses	PA, CPDC	Nov - Dec 2014	Completed
LRP-6 UNMANNED AERIAL VEHICLES (UAVs, Drones)				
Develop and implement coverage plan to cover CSU's liability arising from ownership and operation of UAVs (drones) used for research activities.	1. Research ownership, operation and usage of UAVs within CSU.	PA	Mar - Apr 2014	Completed
	2. Research liability issues of the ownership and operation of UAVs.	PA	April, 2014	Completed
	3. Research insurance availability to cover owned and non-owned aviation risks in the ownership and operation of UAVs.	PA	April, 2014	Completed
	4. Draft proposed modification to the Liability MOC to include coverage for UAVs.	PA	April, 2014	Completed
	5. Determine cost to insure or self-insure liability of UAVs	PA	May, 2014	Completed
	6. Present recommendations to EC.	PA, EC	05/09/14	Completed
	7. Present recommendations to BOD.	PA, EC, BOD	05/09/14	Completed
	8. Roll out to campuses and incept coverage.	PA	07/01/14	Completed
LRP-7 STUDENT PLACEMENT AGREEMENTS				
Implement more master insurance and indemnity agreements with key hosting	1. Research existing placement agreements for student internships, particularly in Teaching, Nursing/Allied Health, and Service Learning programs to identify key hosting partners	PA, SRM	08/01/14	Completed
	2. Draft proposed master insurance and indemnity language for student placement agreements and contact key hosting partners	PA, SRM, OGC	Jul - Aug 2014	Completed

FY 2014/15 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
partners	3. Negotiate and execute master insurance and indemnity agreements for student placements with key hosting partners	SRM, OGC, PA, Key Hosts	Sep 2014 - Feb 2015	Completed
	4. Report to EC on Progress of Master Insurance and Indemnity Agreements	SRM	03/01/15	Completed

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CO: Chancellor's Office

CPDC: CO Capital Planning Design & Construction

EC: CSURMA Executive Committee

OGC: CSU Office of General Counsel

PA: CSURMA Program Administrator

SRM: CSU Systemwide Risk Management

FY 2015/16 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1 FORM 700 ELECTRONIC FILING					
Research the ability to electronically file the CSURMA Form 700's	1	Confirm if CSURMA is able to file its Form 700's electronically	PA	May, 2015	
	2	Evaluate available software options	PA, SRM	August, 2015	
	3	Select appropriate software	EC	September, 2015	
	4	Develop implementation plan and communications	PA	November, 2015	
	5	Implement electronic filing of form 700's	PA	January, 2016	
	6	Monitor roll out and report to CSURMA EC	PA	March, 2016	
LRP-2 WORKERS' COMPENSATION CLAIMS CLOSURE INITIATIVE					
Develop and implement plan to reduce WC claims liability, with specific goal to	1	Report on program Progress to CSURMA Board	PA, SRM	April, 2015	Completed
	2	Identify additional claims for action, adopt strategy	PA, SRM, Sedgwick, Consultant	May, 2015	
	3	Implement transition to claim filing billing of project costs	PA, SRM, Sedgwick, Consultant	July, 2015	
	4	Status report to CSURMA EC	PA, SRM	September, 2015	
	5	Status report to CSURMA EC, continuation evaluation	PA, SRM	May, 2016	
LRP-3 AGILITY RECOVERY PROPERTY LOSS RECOVERY PROGRAM					
Agility Recovery Program	1	Advise CSURMA BOD of Program Development	PA, SRM	April, 2015	Completed
	2	Negotiate and bind the Agility Recovery Program services as an added feature of the Campus and AORMA property Programs	PA, SRM	July, 2015	
	3	Announce the roll out Agility Recovery Program through a bulletin to campus and auxiliary organization staff	PA, SRM	July, 2015	
	4	Develop loss event protocol to trigger use of Agility services	PA, SRM	July, 2015	
	5	Report on usage and outcomes	PA, SRM	March, 2016	
	6	Determine whether to continue the program for FY 16/17	EC	March, 2016	
LRP-4 ADDITIONAL COVERED PARTY - POLICY AND PROCEDURE					
Develop a Policy and Procedure that describes the underwriting criteria for granting additional insured status	1	Develop a Policy and Procedure describing the underwriting criteria for granting additional insured status, prepare draft MOC, endorsement and certificate changes	PA, SRM, OGC	September, 2015	
	2	CSURMA EC review and recommendation to the BOD	EC	September, 2015	
	3	CSURMA BOD review, approval and adoption	BOD	October, 2015	
LRP-5 ON-LINE EDUCATION MULTI-STATE SURETY INITIATIVE					

FY 2015/16 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
Place a blanket surety bond for all CSU campuses and auxiliary organizations that provide on-line university courses	1	Determine scope of on-line programs and jurisdictions, research if placement of a blanket bond, or alternative Systemwide placement approach, is feasible	PA, SRM, OGC	August, 2015	
	2	Present information to the CSURMA EC for direction	PA, SRM, OGC	September, 2015	
	3	Report on project to CSURMA BOD	PA, SRM, OGC	October, 2015	
	4	Approval of blanket or alternative surety program as appropriate	EC	December, 2015	
	5	Implement program and communicate with campus stakeholders	PA	January, 2016	
LRP-6 STUDENT PLACEMENT AGREEMENTS					
Implement more master insurance and indemnity agreements with key hosting partners	1	Research existing placement agreements for student internships, particularly in Teaching, Nursing/Allied Health, and Service Learning programs to identify key hosting partners	PA, SRM	August, 2015	
	2	Present list of key target hosts to CSURMA EC	PA, SRM	September, 2015	
	3	Draft proposed master insurance and indemnity language for student placement agreements and contact key hosting partners	PA, SRM, OGC	October, 2015	
	4	Update CSURMA BOD on progress	PA, SRM	October, 2015	
	5	Report to EC on Progress of Master Insurance and Indemnity Agreements	SRM	March, 2016	
LRP-7 CSU / UC WORKERS' COMPENSATION SUMMIT					
Plan a CSU / UC Workers' Compensation Summit to share claim strategies and best practices	1	Plan the CSU / UC Workers' Compensation Summit agenda	SRM	September, 2015	
	2	Update the CSURMA EC on status of the Summit development	SRM, EC	September, 2015	
	3	Send out Workers' Compensation Summit invitations	PA, SRM	November, 2015	
	4	Conduct the Summit	SRM	February, 2016	
	5	Report back to the CSURMA EC as to the Summit take-aways	SRM, EC	March, 2016	
LRP-8 CAMPUS AND AORMA RISK PROGRAM BENCHMARKING AND TREND ANALYSIS					
Develop a Workers' Compensation statistical industry benchmarking operation	1	Research benchmarking resources available	PA	April, 2015	Completed
	2	Develop conceptual proposal for short and long term benchmarking	PA, SRM	May, 2015	
	3	Approval of initial benchmarking project scope and costs	EC	May, 2015	
	4	Implement initial project	PA, SRM	September, 2015	
	5	Initial report to CSURMA EC and BOD, and CSU CABO	PA, SRM	October, 2015	
	6	Report to AORMA Membership at AOA Conference	PA, SRM	February, 2016	
	7	Presentation of sustainable long term benchmarking program	PA, SRM	March, 2016	
	8	Approval of long term benchmarking project scope and costs	EC	March, 2016	
LRP-9 SPECIAL EVENTS RISK MANAGEMENT MANUAL					
Creation of a Special Events	1	Identify and engage consultant to develop Special Events Risk Management Manual and training modules	SRM	August, 2015	

FY 2015/16 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
Manual	2	Oversee the creation of a special events risk management manual	SRM	June, 2016	
	3	Roll out manual to all campus and auxiliary organization staff	SRM	July, 2016	
	4	Post manual on the CSURMA website	PA	July, 2016	
	5	Present the Special Events Risk Management Training at Fitting the Pieces Together Conference	SRM	November, 2016	
	6	Roll out special events training on the CSU learning management system	SRM	July, 2017	
LRP-10 INSURANCE POLICY DATABASE					
Implementation of an Insurance Policy Database to assist with litigation	1	Research and identify viable software products	PA, SRM	September, 2015	
	2	Approve selection of software product	EC	September, 2015	
	3	Project overview report to CSURMA BOD and CABO	SRM, PA	October, 2015	
	4	Populate database with Phase 1 data	PA	February, 2016	
	5	Present Phase 1 project results and recommendations for Phase 2	SRM, PA	March, 2016	
	6	Approve Phase 2 and ongoing database maintenance plan	EC	March, 2016	

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PA: CSURMA Program Administrator

SRM: CSU Systemwide Risk Management

CAMPUS COVERAGE PROGRAMS
FY 2015/2016 RATES AND GROSS FUNDING

ISSUE: At its October 24, 2014 meeting, the Board of Directors adopted rates and funding for FY 2015/16 with estimated claims liability for Campus Liability and Campus Workers' Compensation programs funded on an undiscounted basis as respects investment income. The Executive Committee was directed to finalize FY 2015/16 funding on either an undiscounted or discounted basis when it meets six months later in March. The Executive Committee met on March 19, 2015 and determined the appropriate funding strategy based upon a review of the fiscal climate, and finalize program rates to be on an undiscounted basis as projected by the Actuary. The Program Administrator has prepared FY 2015/16 draft calculations using the draft actuarial reports dated September 15, 2014.

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

Campus Coverage Programs Funding Comparison

	FY 14/15 Actual	FY 15/16 <i>Undiscounted</i>	\$ Chg from FY 14/15	% Chg	FY 15/16 <i>Discounted</i>	\$ Chg from FY 14/15	% Chg
Liability	\$13,434,901	\$13,514,960	\$80,059	0.6%	\$13,472,622	\$37,721	0.3%
Workers' Comp	33,196,159	37,744,986	4,548,827	13.7%	35,511,636	2,315,477	7.0%
IDL NDI UI	12,500,000	13,500,000	1,000,000	8.0%	13,500,000	1,000,000	8.0%
Property ¹	9,000,000	8,000,000	(1,000,000)	-11.1%	8,000,000	(1,000,000)	-11.1%
AIME ²	3,577,749	3,577,749	0	0.0%	3,577,749	0	0.0%
Auto Liability ³	688,468	688,468	0	0.0%	688,468	0	0.0%
Total	\$72,397,277	\$77,026,163	\$4,628,886	6.4%	\$74,750,475	\$2,353,198	3.3%

Present Value Discount = \$2,275,688

- (1) This is a projection based on market assessment at this time.
- (2) AIME Committee to recommend final funding for FY 2015/16.

RECOMMENDATION: The Board of Directors is asked to approve final rates and funding for FY 2015/16 as presented in the Table above.

FISCAL IMPACT: Adoption of the recommended funding for the campus coverage programs totaling \$77,026,163 are in accordance with the policies and procedures and rating plans adopted and approved by the Board of Directors.

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

CSURMA employs an independent actuarial firm, Aon Risk Solutions to project claim costs for its General and Errors & Omissions Liability, Workers' Compensation and Athletic Injury Medical Expense coverage programs. Aon's draft actuarial reports dated July 31, 2014 and September 15, 2014 were used to calculate the recommended funding for FY 2015/16.

The Board of Directors is asked to focus on the aggregate program funding issues at this time. Campuses should contact Rob Leong (415-403-1441) for any specific questions as to how their cost was calculated.

PUBLICATION: None

ATTACHMENT(S):

- a. FY 2015/16 Campus Coverage Programs Proposed Funding

CSURMA RISK POOL FY 2015/16
Total Program Cost

FINAL

<i>Campus</i>	<i>FY 14/15 Actual</i>	<i>FY 15/16 Undiscounted</i>	<i>Change</i>	<i>FY 15/16 Discounted</i>	<i>Change</i>
Bakersfield	\$1,418,623	\$1,498,732	\$80,109	\$1,453,728	\$35,105
Channel Islands	1,516,544	1,556,839	40,295	1,510,877	-5,667
Chico	2,501,648	2,562,826	61,178	2,481,256	-20,392
Dominguez Hills	2,552,883	2,513,523	-39,360	2,438,806	-114,077
East Bay	2,957,823	3,404,540	446,717	3,290,374	332,551
Fresno	3,832,389	3,294,242	-538,147	3,207,083	-625,306
Fullerton	3,682,763	3,924,634	241,871	3,811,671	128,908
Humboldt	2,049,832	2,254,745	204,913	2,201,238	151,406
Long Beach	5,676,533	6,134,009	457,476	5,920,315	243,782
Los Angeles	3,573,797	4,043,248	469,451	3,889,906	316,109
Maritime Academy	550,780	539,289	-11,491	528,175	-22,605
Monterey Bay	1,297,113	1,359,367	62,254	1,318,977	21,864
Northridge	4,524,799	5,333,374	808,575	5,168,685	643,886
Pomona	3,890,711	3,926,419	35,708	3,770,834	-119,877
Sacramento	3,508,798	3,663,841	155,043	3,570,564	61,766
San Bernardino	2,365,833	2,786,805	420,972	2,702,301	336,468
San Diego	4,770,808	5,470,483	699,675	5,281,862	511,054
San Francisco	4,664,687	4,751,029	86,342	4,599,980	-64,707
San Jose	4,716,484	4,950,231	233,747	4,836,909	120,425
San Luis Obispo	3,873,743	4,267,930	394,187	4,146,126	272,383
San Marcos	1,544,818	1,586,726	41,908	1,550,473	5,655
Sonoma	1,914,276	1,952,699	38,423	1,905,554	-8,722
Stanislaus	1,625,313	1,800,808	175,495	1,753,153	127,840
Chancellor's Office	1,016,854	1,162,007	145,153	1,126,681	109,827
Systemwide	2,369,425	2,287,817	-81,608	2,284,947	-84,478
Total:	\$72,397,277	\$77,026,163	\$4,628,886	\$74,750,475	\$2,353,198
				\$2,275,688	PV Discount

**CSURMA RISK POOL FY 2015/16
Liability Program Cost**

FINAL

<i>Campus</i>	<i>FY 14/15 Actual</i>	<i>FY 15/16 Undiscounted</i>	<i>Change</i>	<i>FY 15/16 Discounted</i>	<i>Change</i>
Bakersfield	\$310,962	\$249,010	-\$61,952	\$248,249	-\$62,713
Channel Islands	378,619	380,863	2,244	379,362	743
Chico	417,769	471,840	54,071	470,416	52,647
Dominguez Hills	786,761	656,421	-130,340	653,950	-132,811
East Bay	533,670	664,359	130,689	661,959	128,289
Fresno	1,215,727	578,279	-637,448	576,586	-639,141
Fullerton	571,387	612,215	40,828	611,026	39,639
Humboldt	492,860	667,694	174,834	664,909	172,049
Long Beach	898,634	944,461	45,827	941,620	42,986
Los Angeles	377,708	430,157	52,449	429,124	51,416
Maritime Academy	178,359	197,129	18,770	196,284	17,925
Monterey Bay	226,955	229,050	2,095	228,333	1,378
Northridge	677,319	849,858	172,539	847,530	170,211
Pomona	700,741	460,720	-240,021	459,419	-241,322
Sacramento	572,563	677,609	105,046	675,670	103,107
San Bernardino	431,706	612,907	181,201	610,766	179,060
San Diego	642,467	493,947	-148,520	493,183	-149,284
San Francisco	615,717	592,703	-23,014	591,511	-24,206
San Jose	791,016	803,049	12,033	800,632	9,616
San Luis Obispo	607,355	703,411	96,056	701,139	93,784
San Marcos	368,362	371,865	3,503	370,655	2,293
Sonoma	400,327	350,411	-49,916	349,286	-51,041
Stanislaus	315,721	409,179	93,458	407,652	91,931
Chancellor's Office	329,593	392,925	63,332	391,333	61,740
Systemwide	592,603	714,898	122,295	712,028	119,425
Total:	\$13,434,901	\$13,514,960	\$80,059	\$13,472,622	\$37,721

\$42,338 PV Discount

Includes Student Professional Liability Insurance Program (SPLIP),
Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP).

**CSURMA RISK POOL FY 2015/16
Workers' Compensation Program Cost**

FINAL

<i>Campus</i>	<i>FY 14/15 Actual</i>	<i>FY 15/16 Undiscounted</i>	<i>Change</i>	<i>FY 15/16 Discounted</i>	<i>Change</i>
Bakersfield	\$643,287	\$743,819	\$100,532	\$699,576	\$56,289
Channel Islands	706,473	745,186	38,713	700,725	-5,748
Chico	1,321,996	1,358,833	36,837	1,278,687	-43,309
Dominguez Hills	1,118,339	1,198,461	80,122	1,126,215	7,876
East Bay	1,562,771	1,830,035	267,264	1,718,269	155,498
Fresno	1,375,505	1,470,333	94,828	1,384,867	9,362
Fullerton	1,789,656	1,978,347	188,691	1,866,573	76,917
Humboldt	815,757	867,885	52,128	817,163	1,406
Long Beach	3,097,256	3,487,296	390,040	3,276,443	179,187
Los Angeles	2,095,824	2,478,627	382,803	2,326,318	230,494
Maritime Academy	169,214	182,440	13,226	172,171	2,957
Monterey Bay	614,793	669,471	54,678	629,798	15,005
Northridge	2,244,325	2,756,466	512,141	2,594,105	349,780
Pomona	2,250,555	2,518,139	267,584	2,363,855	113,300
Sacramento	1,539,314	1,607,260	67,946	1,515,922	-23,392
San Bernardino	1,194,128	1,397,577	203,449	1,315,214	121,086
San Diego	2,288,056	3,125,916	837,860	2,938,059	650,003
San Francisco	2,407,806	2,545,888	138,082	2,396,031	-11,775
San Jose	1,731,410	1,941,148	209,738	1,830,243	98,833
San Luis Obispo	1,777,283	2,036,977	259,694	1,917,445	140,162
San Marcos	541,205	637,213	96,008	602,170	60,965
Sonoma	738,931	804,138	65,207	758,118	19,187
Stanislaus	697,574	779,993	82,419	733,865	36,291
Chancellor's Office	474,701	583,538	108,837	549,804	75,103
Systemwide	0	0	0	0	0
Total:	\$33,196,159	\$37,744,986	\$4,548,827	\$35,511,636	\$2,315,477
				\$2,233,350	PV Discount

**CSURMA RISK POOL FY 2015/16
IDL/NDI/UI Program Cost**

FINAL

<i>Campus</i>	<i>FY 14/15 Actual</i>	<i>FY 15/16 Final</i>	<i>Change</i>
Bakersfield	\$225,489	\$276,346	\$50,857
Channel Islands	246,710	262,215	15,505
Chico	388,258	392,204	3,946
Dominguez Hills	376,066	407,505	31,439
East Bay	521,556	602,343	80,787
Fresno	479,426	513,845	34,419
Fullerton	714,929	767,502	52,573
Humboldt	441,645	443,411	1,766
Long Beach	938,107	1,016,598	78,491
Los Angeles	531,179	615,879	84,700
Maritime Academy	139,897	100,861	-39,036
Monterey Bay	285,144	299,521	14,377
Northridge	871,835	1,049,734	177,899
Pomona	503,510	551,580	48,070
Sacramento	714,324	731,693	17,369
San Bernardino	437,712	497,733	60,021
San Diego	830,815	888,299	57,484
San Francisco	1,020,480	1,052,297	31,817
San Jose	896,689	990,377	93,688
San Luis Obispo	623,263	714,806	91,543
San Marcos	397,349	360,588	-36,761
Sonoma	405,714	461,305	55,591
Stanislaus	336,080	352,662	16,582
Chancellor's Office	173,823	150,696	-23,127
Systemwide			0
Total:	\$12,500,000	\$13,500,000	\$1,000,000

Industrial Disability Leave, Nonindustrial Disability Leave, Unemployment Insurance

**CSURMA RISK POOL FY 2015/16
Property Program Cost**

FINAL

<i>Campus</i>	<i>FY 14/15 Actual</i>	<i>FY 15/16 Final</i>	<i>Change</i>
Bakersfield	\$88,866	\$79,166	-\$9,700
Channel Islands	161,161	143,334	-17,827
Chico	310,394	277,568	-32,826
Dominguez Hills	184,012	163,807	-20,205
East Bay	285,900	254,131	-31,769
Fresno	340,321	302,520	-37,801
Fullerton	357,206	318,559	-38,647
Humboldt	201,861	179,316	-22,545
Long Beach	467,016	415,434	-51,582
Los Angeles	447,295	397,377	-49,918
Maritime Academy	43,165	38,471	-4,694
Monterey Bay	98,875	88,054	-10,821
Northridge	501,767	446,151	-55,616
Pomona	345,224	306,654	-38,570
Sacramento	311,329	277,706	-33,623
San Bernardino	241,321	215,458	-25,863
San Diego	438,828	390,851	-47,977
San Francisco	527,027	469,726	-57,301
San Jose	728,572	646,404	-82,168
San Luis Obispo	471,441	418,990	-52,451
San Marcos	176,105	156,731	-19,374
Sonoma	295,919	262,929	-32,990
Stanislaus	161,298	143,349	-17,949
Chancellor's Office	38,275	34,395	-3,880
Systemwide	1,776,822	1,572,919	-203,903
Total:	\$9,000,000	\$8,000,000	-\$1,000,000

Includes Crime (Fidelity), Cyber Risks.

Estimate Only

Does not include adjustments due to addition/deletions of buildings.

**CSURMA RISK POOL FY 2015/16
Athletic Injury Medical Expense Program Cost
(AIME)**

<i>Campus</i>	<i>FY 14/15 Actual</i>	<i>FY 15/16 Undiscounted</i>	<i>Change</i>	<i>FY 15/16 Discounted</i>
Bakersfield	\$137,997	\$137,997	\$0	\$137,997
Channel Islands			0	0
Chico	34,872	34,872	0	34,872
Dominguez Hills	68,285	68,285	0	68,285
East Bay	32,965	32,965	0	32,965
Fresno	366,388	366,388	0	366,388
Fullerton	215,061	215,061	0	215,061
Humboldt	78,906	78,906	0	78,906
Long Beach	228,050	228,050	0	228,050
Los Angeles	99,443	99,443	0	99,443
Maritime Academy	17,063	17,063	0	17,063
Monterey Bay	61,482	61,482	0	61,482
Northridge	195,646	195,646	0	195,646
Pomona	43,982	43,982	0	43,982
Sacramento	338,286	338,286	0	338,286
San Bernardino	32,145	32,145	0	32,145
San Diego	527,487	527,487	0	527,487
San Francisco	66,685	66,685	0	66,685
San Jose	529,804	529,804	0	529,804
San Luis Obispo	313,489	313,489	0	313,489
San Marcos	48,388	48,388	0	48,388
Sonoma	46,105	46,105	0	46,105
Stanislaus	95,220	95,220	0	95,220
Chancellor's Office			0	0
Systemwide			0	0
Total:	\$3,577,749	\$3,577,749	\$0	\$3,577,749

FY 15/16 rates to be calculated and approved by the AIME Committee.

**CSURMA RISK POOL FY 2015/16
Auto Liability (VELSIP) Program Cost**

FINAL

<i>Campus</i>	<i>FY 14/15 Actual</i>	<i>FY 15/16 Final</i>	<i>Change</i>
Bakersfield	\$12,022	\$12,394	\$372
Channel Islands	23,581	25,241	1,660
Chico	28,359	27,509	-850
Dominguez Hills	19,420	19,044	-376
East Bay	20,961	20,707	-254
Fresno	55,022	62,877	7,855
Fullerton	34,524	32,950	-1,574
Humboldt	18,803	17,533	-1,270
Long Beach	47,470	42,170	-5,300
Los Angeles	22,348	21,765	-583
Maritime Academy	3,082	3,325	243
Monterey Bay	9,864	11,789	1,925
Northridge	33,907	35,519	1,612
Pomona	46,699	45,344	-1,355
Sacramento	32,982	31,287	-1,695
San Bernardino	28,821	30,985	2,164
San Diego	43,155	43,983	828
San Francisco	26,972	23,730	-3,242
San Jose	38,993	39,449	456
San Luis Obispo	80,912	80,257	-655
San Marcos	13,409	11,941	-1,468
Sonoma	27,280	27,811	531
Stanislaus	19,420	20,405	985
Chancellor's Office	462	453	-9
Systemwide			0
Total:	\$688,468	\$688,468	\$0

Subject to Final MVIA Assessment from DGS in March 2015.

Auto Liability is managed by the State Vehicle Liability Self-Insurance Program (VELSIP) which also determines the program's total cost each year.

REVIEW OF CSURMA OPERATIONAL REVIEW REPORT

ISSUE: At their September 2014 meeting, the CSURMA Executive Committee determined that it would have a consultant perform an operational review along the lines of a California Association of Joint Powers Authorities (CAJPA) accreditation review. It has been three years since the last review and the Executive Committee's practice has been to perform the review every three years, as if CSURMA were seeking CAJPA accreditation. The Executive Committee determined that the scope of this year's review would be limited to an operational review of the Program Administration and not include CSURMA accounting services since those services are already audited on an annual basis.

Robin Johnson was retained to perform the review and presented the attached report to the Executive Committee at their March 20, 2015 meeting. Staff will be present at today's meeting to discuss the findings and recommendations as well as actions being taken in response to the report.

RECOMMENDATION: It is recommended that the Board review and discuss the Operational Review Report and take action or provide direction as appropriate.

FISCAL IMPACT: No additional cost is anticipated from action at today's meeting.

BACKGROUND: The report preparer, Robin Johnson, is a practicing attorney in the Sacramento area who has previously worked with joint powers authorities as an administrator. He has served as Chair of the CAJPA Legislative Committee for several years and performs CAJPA accreditation reviews.

PUBLICATION: The report will be posted on the CSURMA web site.

ATTACHMENT(S):

- a. CSURMA Operational Review dated April, 2015.



California State University Risk Management Authority

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

OPERATIONAL REVIEW

April 2015

by

Robin Johnson, Esq.

California State University Risk Management Authority

Operational Review

April 2015

INTRODUCTION

In 1997, California State University Risk Management Authority (CSURMA) was created through a Joint Powers Agreement authorized by California Government Code sections 6500, et seq. The mission of CSURMA was, and is, to join California State University (CSU) with the Auxiliary Organizations (Auxiliaries) “to protect member resources by providing broad coverage and quality risk management services that stabilize risk costs in a reliable, economical and beneficial manner.” CSURMA provides a number of programs to both CSU and the Auxiliaries. However, the needs of CSU and the Auxiliaries are different, both in terms of member retention and risk management services. In addition, the programs for CSU and the programs for the Auxiliaries are different in terms of the sharing of losses as well as the risk management services provided.

The main programs offered, named by the coverage provided, are the CSU liability, workers’ compensation, property and crime programs and the Auxiliary Organizations Risk Management Alliance (AORMA) liability, workers’ compensation, property and crime programs. All of these programs have a layer retained by CSURMA with excess insurance taking limits to a higher level above the CSURMA retention.

The legal characteristic of a joint powers authority is interesting because it takes on the character of the public entity of its membership while being required to follow some rules that apply to special districts. Thus, CSURMA is governed by laws applicable to state agencies, while also needing to abide by some laws applicable to local agencies. This will become apparent as one reads through this report.

The governing body of CSURMA is the Board of Directors, consisting of 30 directors. The Executive Committee provides more direct oversight and policy implementation than the Board of Directors, working closely with the contract administrator, Alliant Insurance Services (Alliant), which are collectively referred to as “staff” in this document. The Auxiliaries have their own Committee that reports to the Executive Committee. This Committee and its subcommittees review the Auxiliaries’ programs and give guidance as to general policies affecting their programs.

This report reviews the overall effectiveness of CSURMA and areas where its operations may be enhanced and the documents altered to conform to applicable laws and to meet the standards generally applied to self-insurance joint powers authorities.

EXECUTIVE SUMMARY

The review of the general operations of CSURMA gives the management of CSURMA a general understanding of the level of performance relative to other joint powers authorities and discloses

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some areas for improvement. A rating system was applied to give the reader a better feel for the level of performance in each area. A lower score does not mean that CSURMA necessarily needs to change. It merely points out areas where CSURMA may consider changes in policies or procedures. However, the “best practices” the industry has adopted are not necessarily those that CSURMA wants to adopt.

This review broke down the areas of study into the following sections:

- I. Governing Documents – a review of the Joint Powers Agreement (Agreement), Bylaws, and Policies and Procedures;
- II. Contracts – a review of the existing contracts for major services;
- III. General Operations – a review of the manner in which meetings are conducted, the communications with members, the competence of staff and management, and whether the Agreement, Bylaws and Policies and Procedures are being followed;
- IV. Programs – a review of the documentation of the programs; and
- V. Finance and Accounting – a review of the policies and procedures of funding, finance and investments.

The CSURMA Governing Documents are well written and maintained with few exceptions. These exceptions are:

1. CSURMA files did not include a copy of the Joint Powers Agreement signed by CSU;
2. There is a seemingly incorrect reference in the Agreement to Government Code section 6505, which should be section 6505.5;
3. There is no provision for the withdrawal of CSU from the Agreement; the withdrawal of CSU is one trigger for the termination of the agreement, making the provision that much more important; and
4. The assessment provision in the Bylaws does not state how such an assessment will be distributed, such as based on contributions or contributions and losses.

Contractual Agreements provide the major services needed for the operations of CSURMA. The following summarizes some areas that CSURMA may want to consider changing in future contracts or in contract management.

1. The Alliant contract for brokerage, unlike the administration contract, has no provision for cancellation. Because this contract has the option to extend beyond one-year terms, such a provision is valuable.
2. The Carl Warren contract for liability claims adjusting should (a) defend and indemnify for claims from Carl Warren’s negligence, whether solely or jointly (b) expand the conflict of interest provision to include co-defendants, and (c) specify in the scope of work that the claims to be adjusted are those under the liability Memorandum of Coverage.

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3. The Employer's Group unemployment claims management should have a provision for cancellation.
4. The Praesidium contract should require professional liability.
5. Staff should obtain and maintain certificates of insurance for coverages required under the contracts. These were unavailable for some contractors.

The Operations of CSURMA adhered to the law and the Governing Documents except the filing of the Conflict of Interest Code. The Conflict of Interest Code was adopted as amended by the Board prior to October 2014 as required by the Government Code. However, it was not filed. The Conflict of Interest Code needs to be filed with the Fair Political Practices Commission (FPPC).

The Finance and Accounting practices of CSURMA, including investing, meet the legal requirements and funding of the AORMA programs, and meet the standards generally accepted in the industry for proper funding. Although the CSURMA auditors have opined that GASB 10 does not apply to CSURMA, the GASB 10 requirements for certain disclosures and supplemental information would provide additional insight into the financial operations of CSURMA. CSURMA, therefore, may consider providing these disclosures and the supplemental information in a different format than the audited financial statements. Overall, CSURMA is managed well with documentation of major policies and procedures for ease of transition of staff members as well as transparency. Its overall rating places it among those joint powers authorities with outstanding overall management.

I. GOVERNING DOCUMENTS

The Agreement and Bylaws generally meet the requirements of both contract law and Government Code sections 6500, et seq. CSU is a government agency that meets the requirements as a public entity for Section 6500 purposes. Government Code section 6516.9 allows the Auxiliaries to enter into a joint powers agreement, such as this one forming the CSURMA. It is interesting to note that the CSURMA Agreement is between CSU and each Auxiliary, rather than the usual joint powers agreement which is among the signatories of the parties.¹ This distinction probably has little effect because of the relationship between CSU and its Auxiliaries. However, an Auxiliary could defend a claim by another Auxiliary for breach of contract.

The Agreement and Bylaws are generally well written and meet most of the requirements of contract law and the Government Code. Because this study is to assist CSURMA in its governance and for the sake of brevity, I will only disclose those areas where I had some concerns, which are listed below.

1. Although CSURMA has copies of the signature pages for all the participating Auxiliaries, it does not seem to have a copy of a signature page from CSU. Although

¹ The introductory statement of the Agreement reads, "THIS AGREEMENT is made and entered into by and between the Trustees of the California State University . . . and its auxiliary organizations"

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CSU is not likely able to deny it is a party to the Agreement or that the action to participate was taken by an individual without the power to enter into such Agreement, it is good practice to retain proper signatures of all the parties to the contract.

2. Government Code section 6505 requires the Agreement to provide for strict accountability of all funds and a report of all receipts and disbursements. Section 6505.5 requires the Treasurer to, among other duties, receive all money of the agency and place it in the treasury, and to be responsible, upon his bond, for the safekeeping of such funds, and to pay all sums due from the agency upon warrants from the auditor. Section 6509.5 requires the investment of money not required for immediate use to be the same as for a local agency under section 53601. The Treasurer's report and other reporting seem to be in compliance with sections 53601 and 53646. The Treasurer's activities seem to be in conformity with the duties described in Section 17 of the Agreement. Thus, from a review of the general operations and the audited financial statement, CSURMA seems to be managing the funds of the organization in conformity with the laws and the dictates of the Agreement and the Bylaws. The Agreement, however, seems to erroneously refer to section 6505 in Section 7(a)(iv). It reference section 6505, which is the requirement of reporting the receipts and disbursements. Section 6505.5 references the receipts and disbursements of the moneys received.
3. The term of the Agreement is set to expire upon the withdrawal of all Auxiliaries or CSU. However, there is no provision in the Agreement enabling, or establishing a procedure for, CSU to withdraw.
4. There are provisions for assessments under Section 20(b)(ii) of the Agreement. However, there does not seem to be a process for determining the amount of the assessment to each member. Assessments seem to be allowed only when the pool funds are likely to be exhausted before the next influx from contributions. This sounds like a cash flow analysis. The more common practice in the joint powers industry is to activate assessments or at least a plan for assessments when the joint powers authority's assets are less than its liabilities, generally well before it is short of cash.

II. CONTRACTS

The contracts with service providers are important to CSURMA, not only to make sure CSURMA is receiving the services for which it has paid, but for the rights and responsibilities of the parties. Except for a partial review of the scope of services provided by Alliant, I reviewed the provider contracts with less of an emphasis on the scope of work, believing CSURMA is in the best position to know if it is receiving the services that it expected from the contracts. My emphasis in reviewing the contracts is to assure the basic requirements of a contract are included and CSURMA's interests are reasonably protected.

A. Program Administration Contract

The contract with Alliant for the general administration of CSURMA contains the basic requirements of the term of the contract, compensation, and the scope of services described in sufficient detail as to be enforceable. The contract imposes a fiduciary duty upon Alliant to disclose any conflicts of interest as well as refrain from any activity that may impair its fidelity to CSURMA. It also contains provisions for indemnification where Alliant may cause loss to CSURMA due to negligent conduct by Alliant. The contract also requires an insurance policy to support the indemnification. Alliant maintains copies of certificates of insurance for CSURMA as proof of Alliant's compliance with the insurance requirements.

The scope of work defines fairly well the services to be provided, while allowing for additional services, with comparable compensation, to be included as CSURMA determines such services are needed or desired. The measure of performance is reflected in the whole of this report, which reviews the administration of CSURMA.

B. Program Brokerage

The brokerage contract with Alliant is also well written, with the exception that there seems to be no cancellation provision. Although a brokerage agreement without a cancellation provision is probably acceptable for an annual contract, this contract may be extended for many years. Thus, as a safety net, CSURMA should have a provision to allow cancellation with or without cause such that CSURMA can alter the contract as circumstances change. A provision for cancellation without cause reduces the chance of lawsuits should the contract be cancelled.

C. Liability Claims Administration

The contract with Carl Warren may be drafted to provide more protection for CSURMA. The indemnification provision is weak, with Carl Warren indemnifying for defense and indemnity for liability caused **solely** by the wrongful acts of Carl Warren. The contract also does not require Carl Warren to maintain any insurance. Thus, there were no certificates of insurance offered with this contract.

The conflict of interest provision for claimants is admirable. However, I would expand that disclosure and rights to CSURMA to include co-defendants and clarify that the duty to disclose extends throughout the life of the claim. It is probably just as likely that Carl Warren will have a conflict from another defendant or potential defendant, such as a city in which an affected campus resides, than with another claimant.

The scope of work in the contract could be more carefully drafted to apply to claims brought under the coverage document of CSURMA rather than claims brought by third parties against CSURMA. CSURMA may consider a redrafted contract rather than accepting an extension on the existing contract.

D. Workers' Compensation Claim Adjusting

Sedgwick's claims services contract provides a well-defined scope of work, and a reasonable allocation of the assumption of risk based on whose negligence caused the loss, disclosures of conflicts of interest etc.

E. Unemployment Claims Management

Although the Employers Group contract's scope of work was hard to determine from all the comments regarding what they can do or do for other clients, I was able to determine with fair accuracy what the bargained for services were intended to be.

The contract with the Employers Group extends until June 30, 2018. However, there does not seem to be any provision for cancellation, leaving one to argue breach of contract or other reason to terminate the contract should such action be necessary. The contract also lacks an indemnification provision for liabilities incurred by the representation of Employers Group.

F. Safety and Loss Control

The contract with Alliant for loss control services seems to be more of a proposal rather than a contract. Perhaps the Administration Agreement could be amended to include the loss control services or a separate contract should be drafted.

The contract with Praesidium seems appropriate as to compensation, indemnification, etc. because of the nature of the contract as one for a license to use Praesidium's online programs, except perhaps for insurance. Professional liability insurance is probably appropriate requirement for the use of an online platform agreement. The certificates of insurance are missing from the file.

The contract with Target Safety seems well written and provides at least a reliance on a professional skill that is commensurate with industry standards.

G. Administration of the Contracts

The contracts have been maintained for easy review by the administration. A follow-up system needs to be implemented to make sure the insurance requirements are being met.

III. GENERAL OPERATIONS

A. Government Code

The management of CSURMA has substantially complied with the Government Code requirements and best practices found in the industry of joint powers authorities. The filing of the Joint Powers Agreement and the Public Agency Roster, also called the "Statement of Facts," is important in order to maintain the procedural and substantive legal protections afforded a public entity under the Government Code. Staff has filed the Joint Powers Agreement and the Public Agency Roster with the Secretary of State in a timely fashion. In addition to the filings with the

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Secretary of State, staff has filed the requisite financial statements with the State Controller and the County of San Francisco.

Staff has the duty to bring the Conflict of Interest Code to the Board for review prior to October 1st of every even year, and to administer the disclosures annually on Form 700 for those officers leaving or entering office during the year. Staff has done well with the process, including abiding by the new directions from the FPPC for those entities not in public buildings to send these documents to the FPPC for safekeeping. Alliant sends the original documents to the FPPC and maintains copies for its own records.

The Conflict of Interest Code was amended recently, causing a delay in the filing of the amended Code with the FPPC. Although the Board of CSURMA had approved the changes, I was advised that there are procedures within the CSU system that require additional approvals prior to the filing. Staff should advise the Executive Committee of the status of the filing of the Code until it is filed with the FPPC and recognized by it.

The Bagley-Keene Act, Government Code sections 11120 et seq., requires meetings to be open to the public, with a 10-day notice to the CSURMA Board and Committees. CSURMA physically posts notices of the meetings of the CSURMA Board and Committees at the Treasurer's location, meeting that requirement of the Bagley-Keene Act. CSURMA also complies with Government Code section 11125(a), which requires the agendas to be posted on CSURMA's website.

Minutes of each meeting are drafted and placed on the consent calendar of the following meeting for adoption. These minutes have sufficient detail that discussions occurring and actions taken at the meeting are clear to one who did not attend the meeting.

CSURMA maintains and follows a record retention policy with security and backup that meets or exceeds the standard of practice for joint powers authorities.

B. Organizational Issues

CSURMA seems to conduct an effective strategic planning session, although somewhat separate, with CSU having a session while AORMA holds its own. There seems to be some coordination or alignment of interests between the two groups because the conflicting, if any, issues between the Auxiliaries and CSU do not seem to be apparent.

Communications seems to be well maintained with much of the information available on the CSURMA website regarding the governance of CSURMA, the program of CSURMA and the available services. The website has pages to assist members with getting certificates of coverage, filing claims, and other transaction with the joint powers authority. The website also hosts many bulletins regarding safety, transfer of risk, and loss control.

Staff has an internal tickler system to remind them when certain requirements are coming due, such as a review of the investment policy, the filing of the financial reports, and items that require periodic presentation to the Board or Committees. Staff issues an annual report

summarizing the activities of the year so all interested parties will know CSURMA's accomplishments for the year.

C. Staff and Board Training

Training provides a good basis for oversight and policy direction for the Board and Committees, while staff training brings ideas to meet the mission and purpose of CSURMA. Both staff and the Board of CSURMA receive training on issues regarding joint powers authorities, liability, and workers compensation. Staff participates in the California Association of Joint Powers Authorities (CAJPA) and the Association of Governmental Risk Pools (AGRIP), and other organizational training emphasizing the best practices of pooling risks. Staff receives training in risk management in public entities through its participation in the Public Agency Risk Managers Association (PARMA), the Public Risk Management Association (PRIMA), the Risk Management Society (RIMS) and other organizations. The Board and CSURMA members also receive training at CAJPA, PARMA and other organizations.

IV. PROGRAMS

Workers' compensation coverages are defined by the Memorandum of Coverage and distributed to those participating in the program. The claims management is performed by Sedgwick, which received a favorable claims audit in 2014. Most areas show improvement from the audit in 2009, with the three-point contact and the follow-up contact needing improvements.

The CSURMA liability program is well documented, with coverage clear and the documents available on the website. The forms are also available on the website for filing claims, obtaining certificates, etc. The CSU liability program is adjusted by the Office of Risk Management, a department within the State of California. The overall rating of the claims audit in 2013 was favorable, with areas needing improvement in (1) the claims disposition and payment and (2) the investigations. Carl Warren adjusts the claims for AORMA. The claims audit performed in 2013 showed superior performance with only one area, litigation/recovery management, needing some improvement, but still within the auditor's acceptable range.

Policy and procedures establish settlement authority and dispute resolution, as well as required claims audits and actuarial studies. Thus, the coverage programs' coverages, policies and procedures are well documented and administered with proficiency.

V. FINANCE AND ACCOUNTING

A. Audited Financials

A joint powers authority must adhere to generally accepted accounting principles (GAAP) and other accounting standards. This review looks at some of the basics of those requirements and relies on the financial auditor's representations. KPMG reviewed and opined on the financials for the fiscal year ending June 30, 2014. KPMG's opinion states that CSURMA's accounting procedures follows GAAP standards. KPMG has opined that GASB 10, requiring special disclosures and supplementals of an independent public entity risk pool, does not apply to

CSURMA. Although the additional disclosures and supplementals are not required, CSURMA might consider including this information in a separate document as additional information to its members.

A breakout of the liability and the workers' compensation programs in the audited financials would be helpful in determining the financial viability of these programs.

The indications of the financial strength of CSURMA from its financial statements relies heavily on a well-reasoned actuarial estimate of losses. CSURMA has actuarial studies applying to both the workers' compensation pool as well as the liability pool. The professionals at AON performing the actuarial studies are well versed in the art/science of projecting ultimate liabilities. The discount rate of two percent for workers' compensation and liability claims is fairly standard in the self-insurance pooling industry.

The audited financial statements are distributed to CSURMA's members.

B. Annual Budget

The Government Code requires the governing board of a joint powers authority to adopt a budget for that organization. CSURMA follows this requirement with comparative information from the prior year.

C. Quarterly Reports

Staff provides the Executive Committee with quarterly financial statements, keeping Committee members informed of developments throughout the year.

The Treasurer makes a quarterly report as required by the Government Code and makes the requisite findings regarding (1) whether the investments are in compliance with the CSURMA's Investment Policy, and (2) whether there are sufficient funds to meet the cash flow requirements of CSURMA for the following six months.

D. General Funding of AORMA

From the unaudited financial reports as of June 30, 2014, the AORMA programs are well funded, are meeting or exceeding the equity targets stated in the Target Equity Policy, and are meeting all the generally accepted minimum ratios for joint powers authorities. Some of these measurements are confidence levels above 70 percent, equity to SIR above 5 times, and loss reserves to equity below 4.

Assuming CSURMA does not need to follow GASB disclosures, the financial reports, including the audited financials, are revealing of the financial position of the pool and indicate that the strength of at least the AORMA programs seems sound.

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EXHIBIT 1

GOVERNING DOCUMENTS

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Singed Copy of JPA	10		No signature for CSU	
JPA Specifically creates the Authority	2	Y		
JPA States Purpose	5	Y		
List Common Powers	3	Y		
JPA Names Member for Manner of Exercising Power	5	Y		
JPA States Strict Accountability/Designate Treasurer	5	Y		
Debts of Agency Addressed	2	Y		
Provides for Bylaws	2	Y		
Provides for Governing Body	2	Y		
Statement Not Jointly Liable per 6512.2	2	Y		
Termination by a Party not Completion of Purpose	2	Y		
Means of Dissolving	5	Y		
JPA Provides for Distribution of Property/Surplus Money at Dissolution	5	Y		
Total Points	50	40		80%

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EXHIBIT 2

CONTRACTS

CONTRACTS - PROGRAM ADMINISTRATION AND BROKERAGE

ALLIANT - JPA ADMINISTRATION

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Scope of Work	10	Y		
Indemnification Provision	10	Y		
Insurance Provision	5	Y		
Disclosure of Conflicts	10	Y		
Compensation	10	Y		
Ownership of Records	5	Y		
Term	5	Y		
Cancellation	5	Y		
Cert of Insurance on File	5	Y		
Total	65	65		100%

ALLIANT BROKERAGE

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Scope of Work	10	Y		
Indemnification Provision	10	Y		
Insurance Provision	5	Y		
Disclosure of Conflicts	10	Y		
Compensation	10	Y		
Ownership of Records	5	Y		
Term	5	Y		
Cancellation	5			
Cert of Insurance on File	5	Y		
Total	65	60		92%

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CONTRACTS - CLAIMS MANAGEMENT

CARL WARREN

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Scope of Work	10	Y		
Indemnification Provision	10	Y		
Insurance Provision	5			
Disclosure of Conflicts	10	Y		
Compensation	10	Y		
Ownership of Records	5	Y		
Term	5	Y		
Cancellation	5	Y		
Cert of Insurance on File	5		Old Certificate on file	
Total	65	55		85%

SEDGWICK

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Scope of Work	10	Y		
Indemnification Provision	10	Y		
Insurance Provision	5	Y		
Disclosure of Conflicts	10	Y		
Compensation	10	Y		
Ownership of Records	5	Y		
Term	5	Y		
Cancellation	5	Y		
Cert of Insurance on File	5	Y		
Total	65	65		100%

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CONTRACTS - CLAIMS MANAGEMENT, *cont'd.*

EMPLOYERS GROUP

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Scope of Work	10	Y		
Indemnification Provision	10			
Insurance Provision	5			
Disclosure of Conflicts	10			
Compensation	10	Y		
Ownership of Records	5	Y		
Term	5	Y		
Cancellation	5			
Cert of Insurance on File	5			
Total	65	30		46%

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CONTRACTS - SAFETY AND LOSS CONTROL

ALLIANT

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Scope of Work	10	Y		
Indemnification Provision	10	Y		
Insurance Provision	5	Y		
Disclosure of Conflicts	10	Y		
Compensation	10	Y		
Ownership of Records	5	Y		
Term	5	Y		
Cancellation	5	Y		
Cert of Insurance on File	5	Y		
Total	65	65		100%

PRAESIDIUM

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Scope of Work	10	Y		
Indemnification Provision	10			
Insurance Provision	5			
Disclosure of Conflicts		N/A		
Compensation	10	Y		
Ownership of Records		N/A		
Term	5	Y		
Cancellation	5	Y		
Cert of Insurance on File	5			
Total	50	30		60%

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CONTRACTS - SAFETY AND LOSS CONTROL, *cont'd*

TARGET SAFETY

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Scope of Work	10	Y		
Indemnification Provision	10	Y		
Insurance Provision	5	Y		
Disclosure of Conflicts	10	Y		
Compensation	10	Y		
Ownership of Records		N/A		
Term	5	Y		
Cancellation	5			
Cert of Insurance on File	5			
Total	60	50		83%
Total All Contracts	500	420		84%

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EXHIBIT 3

GENERAL OPERATIONS

GENERAL OPERATIONS - GOVERNMENT CODE REQUIREMENTS

CRITERIA	MAX PTS	PTS EARNE D	COMMENTS	PERCENT
Conflict of Interest Code Adopted/Reviewed	10	Y	Adopted with changes waiting for approval to submit	
Investment Policy Adopted/Reviewed	10	Y		
Target Equity Policy	3	Y		
Assessments and Distributions Provisions	10	Y		
Records Retention Policy	5	Y		
Provision for Withdrawal	10		There is not provision for CSU Withdrawal	
Provision for Member's Termination	10	Y		
Obligations of Members	10	Y		
Board Membership	3	Y		
Board's Duties and Authority	3	Y		
Board Meetings	3	Y		
Indemnification of Board	3	Y		
Officers' Election/Term	3	Y		
Officers Duty	3	Y		
Provision for Resolution of Disputes	5	Y		
Financial Audit Required	3	Y		
Actuarial Studies Required	3	Y		
Total	97	87		90%

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GENERAL OPERATIONS - INTERNAL OPERATIONS

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Follow Policies	15	Y		
Communications with Members	10	Y		
File Roster with Secretary/County	5	Y		
Filed last JPA Amendment	5	Y		
Reviews Conflict of Interest Code Biannually	3	Y		
Collects/Files Form 700s	7	Y		
Delegates Investment Authority Annually	3			
Board Adopts Budget Annually	5	Y		
Discloses Allocation of Contributions	10	Y		
Insurance for JPA Ops/ E&O Liability/Fidelity	5	Y		
Review of Excess/Reinsurance Strength	10	Y		
Follow Records Retention	7	Y		
Strategic Planning/mission Statement/Objectives	10	Y		
Achievements Tracked	5	Y		
Promote Training Members	15	Y		
Adequate Training for Staff	10	Y		
Adopted Risk Control Guidelines	10	Y		
Follow Up on Implementation	10	Y		
Training Based on Losses	10	Y		
Participation in Industry Association Functions	5	Y		
Total	160	157		98%

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GENERAL OPERATIONS - INTERNAL OPERATIONS, *cont'd.*

MEETINGS

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Notice Timely/Proper	5	Y		
Notice of Closed Session	10	Y		
ADA Notices	5	Y		
Minutes/ Detail	10	Y		
Standing Committee Seats/Powers	20	Y		
Guidelines for Orderly Meeting	5	Y		
Follows Bagley-Keene	10	Y		
Total	65	65		100%
TOTAL OPERATIONS INCLUDING GOVERNMENT CODE	322	309		96%

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EXHIBIT 4

PROGRAMS

LIABILITY

PROGRAMS DOCUMENTATION

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Process to Review MOC	10	Y		
MOC Distributed	5	Y		
Reporting Requirements	5	Y		
Cooperation Required	5	Y		
Coverage Dispute Procedures	10	Y		
Limits and Deductible Clear	10	Y		
Proper Named Parties	10	Y		
Term		Y		
Conditions of Coverage	5	Y		
Total	60	60		100%

CLAIMS MANAGEMENT

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Litigation Management Policy	10	Y		
Settlement Authority	15	Y		
Document Closed Session	10	Y		
Claims Audits Frequency and Adequacy	5	Y		
Claims Audit Report Favorable	10	Y		
Communications with Member re Their Loss	10	Y		
Reserves Appropriate	15	Y		
Subrogation	5	Y		
Excess/Reinsurance Reporting/Collecting	10	Y		
Total	90	90		100%
LIABILITY PROGRAM TOTAL	150	150		100%

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WORKERS' COMPENSATION

PROGRAMS DOCUMENTATION

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Process to Review MOC	10	Y		
MOC Distributed	5	Y		
Reporting Requirements	5	Y		
Cooperation Required	5	Y		
Coverage Dispute Procedures	10	Y		
Limits and Deductible Clear	10	Y		
Proper Named Parties	10	Y		
Term		Y		
Conditions of Coverage	5	Y		
Total	60	60		100%

CLAIMS MANAGEMENT

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Settlement Authority	15	Y		
Document Closed Session	10	Y		
Claims Audits Frequency and Adequacy	5	Y		
Claims Audit Report Favorable	10	Y	Some areas noticed for improvement; generally favorable report	
Communications with Member re Their Loss	10	Y		
Reserves Appropriate	15	Y		
Subrogation	5	Y		
Excess/Reinsurance Reporting/Collecting	10	Y		
Total	80	80		100%

W.C. PROGRAM TOTAL	140	140		100%
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PROPERTY

PROGRAMS DOCUMENTATION

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
MOC distributed	5	Y		
Reporting Requirements	5	Y		
Cooperation Required	5	Y		
Coverage Dispute Procedures	10	Y		
Limits and deductible clear	10	Y		
Proper Named Parties	10	Y		
Term		Y		
Conditions of Coverage	5	Y		
Total	50	50		100%

CLAIMS MANAGEMENT

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Settlement Authority	15	Y		
Document closed session	10	Y		
Communications with Member re. their loss	10	Y		
Subrogation	5	Y		
Excess/Reinsurance Reporting/Collecting	10	Y		
Total	50	50		100%

PROPERTY PROGRAM TOTAL	100	100		100%
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Total All Programs	390	390		100%
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EXHIBIT 5

FINANCE AND ACCOUNTING

FUNDING

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Funding Confidence Level	10	Y	AORMA funding	
Equity to SIR	5	Y		
Equity to Reserves	5			
Budgeted Contribution Confidence Level	10	Y		
Actuarial Study Sound, e.g. Discount Rate, Development Reasonable	20	Y	2 Percent	
Total	50	45		90%

INVESTMENTS

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	PERCENT
Investments in JPA Name		N/A	At University Level	
Separation of Functions		N/A	At University Level	
Documented Investment Procedures	15	Y		
Delegation of Treasurer's Authority	5			
Monthly Investment Reports	10	Y		
Detailed Quarterly Reports	10	Y		
Investment Conform to Policy	10	Y		
Written Contracts with Third Party Advisors/ Custodians		N/A	At University Level	
Total	50	45		90%

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FINANCE AND ACCOUNTING, *cont'd*

ACCOUNTING

CRITERIA	MAX PTS	PTS EARNED	COMMENTS	
GAAP Rules	5	Y		
GASB Rules	5	Y	per KPMG Memo	
MDA Informative	10	Y	per KPMG Memo	
Audit Distributed	10	Y		
Management Letter/Qualified Opinion		N/A		
Review of Internal Controls		N/A		
Quarterly Statements, Including Distribution	10	Y		
Target Equity Ratios Reviewed	5	Y		
Total	45	45		100%

Total Finance and Accounting	145	135		93%
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**ADOPTION OF AMENDMENTS TO CSURMA
JOINT EXERCISE OF POWERS AGREEMENT AND BYLAWS**

ISSUE: The CSURMA Joint Exercise of Powers Agreement (JEPA) and Bylaws have been adopted and amended from time to time by the CSURMA Board of Directors. At today's meeting, staff will review proposed amendments described in the attached memorandum from the CSURMA Program Director and detailed in the revised drafts of the documents.

RECOMMENDATION: It is recommended that the Board review and discuss the proposed amendments to the CSURMA Joint Exercise of Powers Agreement and Bylaws and adopt Resolution No. 02-15 (BOD) to adopt the proposed amendments.

FISCAL IMPACT: No cost is anticipated from action at today's meeting.

BACKGROUND: Please refer to the attachments for further information.

PUBLICATION: The amended JEPA and Bylaws will be posted on the CSURMA website.

ATTACHMENT(S):

- a. Memorandum dated March 27, 2015
- b. Proposed amended CSURMA JEPA
- c. Proposed amended CSURMA Bylaws
- d. Proposed Resolution No. 02-15 (BOD) - Adoption of CSURMA JEPA and Bylaw Amendments



MEMORANDUM

Date: March 27, 2015

To: CSURMA Board of Directors

From: Daniel Howell, CSURMA Program Director

CC: Robert Eaton, CSURMA Secretary-Auditor
William Hsu, CSURMA General Counsel

RE: Notice of Proposed Amendments to CSURMA Joint Exercise of Powers Agreement and

The Executive Committee recently commissioned an operational review of CSURMA that resulted in recommendations to amend CSURMA's Joint Exercise of Powers Agreement (JEPA) and Bylaws. Pursuant to Section 27 of the JEPA, we are providing notice that the proposed amendments will be presented for action at the CSURMA Board of Directors meeting on April 27, 2015 at 4:00 PM in San Diego, CA. This memorandum includes a brief summary of the significant changes. Please refer to the attached documents which include the complete text of the JEPA and Bylaws, including proposed amendments.

Changes to the JEPA include:

- Section 7(a)(vi) – Change to cite section CA Government Code 6505.5.
- Section 8 – Clarify that the Executive Vice Chancellor/CFO may delegate appointment of directors, such as the current practice of delegating to the campus President.
- Section 11 – Provide (1) that the CSURMA Board Chair and Vice Chair may serve up to 3 consecutive terms; (2) that the Treasurer is always a member of the Board and (3) that the Executive Vice Chancellor/CFO may appoint officers to fill vacancies until the next CSURMA Board election.
- Section 20(b)(iii) – Include clarification that the ability of the Board to declare an assessment can include a plan to raise funding when liabilities exceed the assets of a Coverage Program.
- Section 22(c) – Add provision describing that the University may withdraw from the JEPA upon 90 days' written notice.

A Public Entity Joint Powers Authority

c/o Alliant Insurance Services, Inc. • 100 Pine Street, 11th Floor, San Francisco, CA 94111-5101 • Phone: 415-403-1400 Fax: 415-874-4810



Additional changes to the Bylaws include:

- Article III, Section 3.4 – Conform appointment of Directors to new language proposed for JEPA above.
- Article IV, Section 4.4(h) - Provision for the Chair to appoint interim replacements to fill Executive Committee vacancies.
- Article VIII – Change to conform to current practice of having the Secretary-Auditor review and recommend to the Treasurer payment reimbursement of travel expenses as provided in CSURMA Policy and Procedure No. 17.
- Article XII, Section 13.3 – Remove additional language related to a signature block that is not necessary.

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CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

JOINT EXERCISE OF POWERS AGREEMENT

AS AMENDED AND RESTATED

EFFECTIVE ~~October 28~~April 27, 2015~~1~~

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**JOINT EXERCISE OF POWERS AGREEMENT
FOR THE CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT
AUTHORITY**

THIS AGREEMENT is made and entered by and between the Trustees of the California State University (the “University”) and its auxiliary organizations (the “Auxiliary Organizations”) which become signatories to this instrument (the “Agreement”).

Recitals

A. WHEREAS the Entity was formed by the Members effective January 1, 1997, and the Members have amended and restated this Agreement on April 24, 1997, May 18, 2000, May 18, 2001, May 15, 2003, October 27, 2005, May 18, 2007, ~~and~~ October 28, 2011, and April 27, 2015;

B. WHEREAS the University is an agency of the State of California;

C. WHEREAS the Auxiliary Organizations are nonprofit public-benefit organizations formed pursuant to the California Nonprofit Corporation Law at § 5110 *et seq.* and described in California Education Code § 89901, *et seq.*;

D. WHEREAS the University is permitted to self-insure or purchase Liability insurance pursuant to California Government Code § 11007.4 and purchase Workers’ Compensation insurance pursuant to Labor Code § 3700, *et seq.*, and whereas Auxiliary Organizations are permitted to self-insure, purchase Liability insurance or participate in a pooling arrangement under California Corporations Code § 5005.1, and to self-insure or purchase insurance for Workers’ Compensation liability pursuant to California Labor Code § 3700, *et seq.*;

E. WHEREAS California Government Code § 6516.9 allows the University and the Auxiliary Organizations to form a Joint Powers Entity (“Entity”) to provide insurance programs and self-insurance programs and to provide related services; and

F. WHEREAS the University and Auxiliary Organizations which become signatories find that they will benefit by forming such a Joint Powers Entity, and that it is in their best interest and the public interest that this agreement be executed.

NOW, THEREFORE, In consideration of the foregoing Recitals and the mutual promises of the parties as set forth in the following Terms and Conditions, it is mutually agreed by all of the parties to this Agreement as follows:

Terms and Conditions

SECTION 1: Definitions

The following definitions shall apply to the provisions of this Agreement:

- (a) “Agreement” shall mean this joint exercise of powers agreement.
- (b) “Auxiliary Organization” shall mean an organization described in California Education Code § 89901 *et seq.*, which is on the approved list of Auxiliary Organizations of the University Chancellor’s Office.
- (c) “Board of Directors” or “Board” shall mean the governing body of the Entity.
- (d) “Bylaws” shall mean the adopted Bylaws of the Entity as amended in their latest approved form.
- (e) “Coverage Program” shall mean the Entity’s programs as defined herein.
- (f) “Entity” shall mean the California State University Risk Management Authority created by and existing under this Agreement.
- (g) “Executive Committee” shall mean the Executive Committee of the Entity’s Board of Directors.
- (h) “Member” shall mean a party to this Agreement. For purposes of this Agreement, each University campus and the Chancellor’s Headquarters shall be considered separate Members, but such University campuses and the Chancellor’s Headquarters shall not be considered parties to this Agreement separate from the University.
- (i) “Pooled Coverage Programs” shall consist of Coverages Programs provided directly by the Entity under a Risk Pooling Program pursuant to a memorandum of coverage and/or provided by a purchased insurance program. These may include, but are not limited to, Property, Workers’ Compensation and Liability coverages as may be determined by the Board of Directors.
- (j) “Program Director” shall mean the individual or firm retained by the Board of Directors to administer the Entity.
- (k) “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.
- (l) “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss.
- (m) “University” shall mean the Board of Trustees of the California State University.

SECTION 2: Legal Authority For Agreement

(a) This Agreement is entered into pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (beginning with § 6500) which authorizes the University and Auxiliary Organizations, such as the Members who are parties to this Agreement, to establish and operate pooled coverage programs and to provide related services.

SECTION 3: Purposes

The purposes of this Agreement are to:

- (a) Provide for the effective governance of the Entity;
- (b) Provide for the effective operation of cooperative programs of risk management and loss prevention so as to reduce or eliminate losses and loss exposures, decrease the expenses of claims and claims administration and improve procedures to manage risks commonly experienced by the parties to this Agreement;
- (c) Provide for effective operation of Coverage Programs in the areas of public liability, auto liability, errors and omissions, workers' compensation and property losses, and in such other coverage areas as the Board of Directors deems appropriate; and
- (d) Implement new Coverage Programs and other programs related to the foregoing purposes, which the Entity deems necessary, advisable and beneficial to the parties to this Agreement.

SECTION 4: Parties to the Agreement

Parties to this Agreement may only include:

- (a) The California State University; and
- (b) The Auxiliary Organizations as defined herein.

SECTION 5: Term of Agreement

Subject to the power to terminate any Member's membership in the Entity, as provided for in this Agreement, this Agreement shall continue indefinitely, and it shall not be terminated so long as the University and one or more Members agree that the Agreement, and the Entity, be continued. Withdrawal by the University will cause dissolution of the Entity.

SECTION 6: Existence of Entity As Separate Public Entity With Sole Responsibility For Its Obligations

Pursuant to California Government Code § 6500 *et seq.*, a public entity of the State of California known as the California State University Risk Management Authority has been created and does now exist. The Entity exists separately and apart from the Members. Pursuant to California Government Code § 6508.1 the debts, liabilities and obligations of the Entity shall be solely its own and they shall not constitute debts, liabilities or obligations of its officers, Directors, employees, agents, Board of Directors, Executive Committee, Program Director or of any Member.

SECTION 7: Powers of Entity

(a) The Entity shall have all of the powers common to the parties to this Agreement and all additional powers afforded under California law to public entities such as Entity, formed for the purpose of jointly exercising powers common to their members. The Entity is also authorized by this Agreement to do all acts necessary for the exercise of its powers. The Entity's powers include, but are not limited to, the following:

- i. To make and enter into contracts;
- ii. To incur debts, liabilities, and obligations;
- iii. To acquire, hold, lease or dispose of real or personal property, receive contributions and donations of property, funds, contract for services and other forms of assistance from persons, firms, corporations, and government entities;
- iv. To sue and be sued in its own name, and to settle any claim against it;
- v. To hire employees and to retain agents, advisors and consultants;
- vi. To receive and use contributions and advances from Members as provided in California Government Code § 6505.5, including contributions or advances of personnel, equipment or property;
- vii. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code § 6509.5; and
- viii. To carry out all provisions of this Agreement.

(b) Pursuant to California Government Code § 6500 *et seq.* the Entity's powers shall be exercised in the manner and according to Procedures provided in the laws applicable to a California State University, as set forth in Sections 66000 *et seq.* and Sections 89000 *et seq.* of the California Education Code.

SECTION 8: Board of Directors

There shall be a Board of Directors to manage the activities and affairs of the Entity. It shall be composed of up to thirty (30) Directors appointed by or as delegated by the ~~California State~~-University Executive Vice Chancellor/Chief Financial Officer; and up to ten (10) Directors elected by the Auxiliary Organizations which become members of the Entity. Directors appointed by the University serve at the pleasure of the Executive Vice Chancellor/Chief Financial Officer or his/her delegate, and may be replaced ~~by him/her~~ at any time. The Executive Vice Chancellor/Chief Financial Officer or his/her delegate may also appoint alternate representatives who shall serve in the absence of the primary representatives. Should the Executive Vice Chancellor/Chief Financial Officer appoint fewer than 30 Directors, the voting power for unfilled appointments shall be retained by the Executive Vice Chancellor/Chief Financial Officer and may be delegated by the Executive Vice Chancellor/Chief Financial Officer to a duly appointed Director(s). Directors elected by the Auxiliary Organizations shall serve subject to terms and conditions of a policy and procedure duly adopted by the Auxiliary Organizations Risk Management Alliance Committee for election and replacement of same. Each Director of the Entity must be an officer, director or employee of the University or officer, director or compensated management employee of an Auxiliary Organization.

SECTION 9: Powers of the Board of Directors

(a) The Board of Directors shall retain overall responsibility for governance of the Entity, including the right to exercise all powers of the Entity not reserved to other persons or bodies of the Entity.

(b) The Board of Directors shall have reserved to itself the following express powers, duties and responsibilities:

- i. Election of certain Entity officers and the members of its Executive Committee.
- ii. Approval of the annual budget of the Entity.
- iii. Approval of amendments to this Agreement and the Bylaws.
- iv. Approval of new Coverage Programs of the Entity.
- v. Amendment or modification of any prior actions or resolution of the Board of Directors.
- vi. The exercise of powers of the Entity, including promulgation of policies, procedures and rules, with respect to all matters reserved to the Board of Directors by this Agreement, the Bylaws or otherwise.

SECTION 10: Meetings of the Board of Directors

(a) The Bylaws of the Entity shall make provision for calling and holding meetings of the Board of Directors, which shall include, in any event, at least one regular meeting annually.

(b) Meetings of the Board of Directors shall be conducted in accordance with this Section, the Bylaws and the Bagley-Keene Open Meeting Act (California Government Code § 11120 *et seq.*)

(c) The presence of a majority of the Directors of the Board shall constitute a quorum for the conduct of business of the Board except as otherwise provided by this Agreement, the Bylaws or other applicable provisions of law.

SECTION 11: Officers of the Entity

(a) The officers of the Entity shall be a Chair, Vice Chair, Secretary-Auditor and Treasurer whose duties shall be as set forth in this Agreement, the Bylaws, any duly adopted policy and procedure of the Entity, or as prescribed by applicable provisions of law.

(b) The Chair and Vice Chair shall be elected by the Board of Directors from the members of the Board and shall serve two year terms. Neither officer shall serve for more than three two-complete consecutive terms in his or her respective office. The terms of each office will ordinarily commence on July 1st of each even-numbered calendar year except that if an election has not been conducted by that date, the terms shall commence as soon as the election has been held. The terms of each office shall end on June 30th of the succeeding even-numbered calendar year, except that if the election of the officers to serve the next succeeding term has not been conducted, the incumbent officers shall continue to hold their offices until the election has been conducted.

(c) The Secretary-Auditor shall be the person who serves as the University's Systemwide Director of Risk Management at the Chancellor's Office or such other person as the Executive Committee appoints.

(d) The Treasurer shall be appointed by the University Executive Vice Chancellor/Chief Financial Officer and shall be a member of the Board. The Treasurer shall serve at the pleasure of the Executive Vice Chancellor/Chief Financial Officer.

(e) The Entity may have such other officers as provided in the Bylaws.

(f) The Chair or Vice Chair shall be removed from office by reason of no longer being a Director or upon removal from the Executive Committee as set forth in the Bylaws. If this occurs, the University Executive Vice Chancellor/Chief Financial Officer may appoint an interim Chair or Vice Chair and the Board may shall hold an election at its next meeting to fill the vacancy for the remainder of the unexpired term.

SECTION 12: Executive Committee

(a) The day-to-day business of the Entity will be conducted, directed and supervised by an Executive Committee consisting of nine members of the Board of Directors.

(b) The Executive Committee shall be composed of the Chair, Vice Chair, Treasurer, four members elected from among the University-appointed Directors and two members elected from among the Auxiliary Organization Directors. Executive Committee elections and terms of office shall follow the same procedure as set forth in Section 11 above, with University-appointed Directors electing their four representatives and Auxiliary Organization Directors electing their two representatives. Of the four members elected from University appointed Directors, two terms of office shall end on June 30 in odd-numbered years, and two terms of office shall end on June 30 in even-numbered years. At the end of their term limits, the Chair and Vice Chair may run for election to become non-officer members of the Executive Committee. Term limitations shall not apply to the Executive Committee members elected by the University (other than the Chair and Vice Chair). The terms of office for the Auxiliary Organization representatives to the Executive Committee shall be determined by the policies and procedures adopted by the Auxiliary Risk Management Alliance Organization Committee, which may include term limits.

(c) The Executive Committee shall have all powers of the Board of Directors except those powers reserved solely to the Board under Section 9 above, or such powers as the Board may subsequently reserve solely to itself.

SECTION 13: Committees

The Entity shall have standing and other committees as may be provided for in the Bylaws or which are created by the Board of Directors, the Executive Committee or the Chair. Committees of the Entity shall have powers, duties and responsibilities as provided in the Bylaws or as delegated and directed by the appointing authority.

SECTION 14: Program Director, Staff and Consultants

(a) The Board of Directors shall appoint a Program Director who shall be responsible for the general administration of the business and activities of the Entity as directed by the Executive Committee.

(b) The California State University Office of General Counsel shall serve as general legal counsel to the Entity.

(c) Subject to the direction of the Board of Directors, the Executive Committee shall provide for the appointment of such staff or consultants of the Entity as may be necessary for the administration of the Entity.

(d) As determined by the Executive Committee, staff functions including those of Program Director may be performed by employees of the Entity, by officers, Directors and employees of Members or by agents, advisors and consultants retained under contract by the Entity.

(e) The Program Director and other staff of the Entity shall have such powers, duties and obligations as are established by this Agreement, the Bylaws, the policies, procedures and rules promulgated by the Entity and any contractual arrangements which may exist between the Entity and the respective person.

(f) The Program Director and Legal Counsel shall serve at the will and pleasure of the Board of Directors and all other staff shall serve at the will and pleasure of the Executive Committee.

SECTION 15: Insurance Coverage

The Entity may maintain insurance coverage on its activities as determined by the Executive Committee to be necessary and adequate.

SECTION 16: Accounts and Records

(a) Annual Budget. The Entity shall adopt an annual budget, which shall include a separate budget for each separate Coverage Program under development or adopted and implemented by the Entity. The Executive Committee shall cause to be prepared, shall review and approve and shall recommend a proposed annual budget to the Board of Directors for its consideration.

(b) Funds and Accounts. As directed by the Executive Committee, the Treasurer of the Entity shall establish and maintain such funds and accounts as may be required by law and good accounting practices. Fund accounting shall be established and maintained for each insurance program under development or adopted and implemented by the Entity. Books and records of the Entity in the hands of the Treasurer shall be open to inspection at all reasonable times by authorized representatives of Members. A quarterly unaudited financial statement will be produced. The Entity shall adhere to the standard of strict accountability for funds set forth in Government Code § 6505.

(c) Treasurer's Report. The Treasurer, within ninety (90) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each Member.

(d) Annual Financial Audit. Pursuant to Government Code § 6505, the Entity shall contract with an independent certified public accountant to make an annual fiscal year audit of all accounts and financial statements of the Entity, or shall have the accounts and records audited by the State Controller's Office, and shall comply with all reporting and filing requirements relating to such audits.

SECTION 17: Responsibilities for Funds and Property

(a) The Treasurer shall have custody of and shall disburse the Entity's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Executive Committee to perform that function, subject to the requirements of (b) below.

(b) Pursuant to Government Code § 6505.5, the Treasurer shall:

i. Receive and acknowledge receipt of all funds of the Entity and place them in the treasury of the Treasurer to the credit of the Entity.

ii. Be responsible upon his or her official bond for the safekeeping and disbursement of all Entity funds so held by him or her.

iii. Pay any sums due from the Entity, as approved for payment by the Board or Executive Committee or by any body or person to whom the Board has delegated approval authority, making such payments from Entity funds upon warrants drawn by the Treasurer. All warrants of the Entity shall be signed by two persons as designated by the Board; provided, however, that the Board may, by resolution, authorize imprest accounts for expenditures of funds in limited amounts for which only one authorized signatory shall be required on the instrument.

iv. Verify and report in writing to the Entity and to Members, as of the first day of each quarter of the fiscal year, the amount of money then held for the Entity, the amount of receipts since the last report, and the amount paid out since the last report.

(c) Pursuant to Government Code § 6505.1, the Program Director, the Treasurer and such other persons as the Executive Committee may designate shall have charge of, handle and have access to the property of the Entity.

(d) The Entity shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in form specified by the Executive Committee, covering the Treasurer and all other officers and staff of the Entity who are authorized to hold or disburse funds of the Entity, and all other officers and staff who are authorized to have charge of, handle, and have access to property of the Entity.

SECTION 18: Responsibilities of the Entity

The Entity shall perform the following functions in discharging its responsibilities under this Agreement:

(a) Assist each Member's designated risk manager with the risk management function;

(b) Provide loss prevention and safety services to the Members;

- (c) Provide claims adjusting and claims management services as required;
- (d) Provide statistical reports to the Members;
- (e) Recommend standard contract clauses relating to indemnity, hold harmless, insurance and other similar matters affecting Members; and
- (f) Create Coverage Programs as the Board deems appropriate;
- (g) Provide other services consistent with purposes of the Entity as may be deemed necessary, advisable and beneficial to the Members.

SECTION 19: Responsibilities of the Members

- (a) Each Member shall appoint one employee or other representative as the Member's designated Risk Manager to be responsible for the Member's risk management activities and to serve as liaison between Member Agency and the Entity as respects risk management.
- (b) Each Member shall maintain an active safety program through a designated safety officer and/or safety committee.
- (c) Each Member shall timely pay all premiums, fees, charges and assessments imposed or levied by the Entity.
- (d) Each Member shall provide the Entity with requested information and assistance in order to fulfill the programs under this Agreement.
- (e) Each Member shall in all ways cooperate with and assist the Entity in all matters relating to this Agreement and comply with the Bylaws and the policies, procedures and rules promulgated by the Entity.
- (f) Each Member shall cooperate fully with the Entity in determining the causes of losses and in the settlement of losses; and shall cooperate with and assist the Entity, and any insurer, claims adjuster or legal counsel retained by the Entity in all matters relating to this agreement, including the defense of claims and/or adjustment of losses.

SECTION 20: Development, Implementation and Funding of Coverage Programs

- (a) Program Coverage. The Entity may develop and implement Coverage Programs which the Entity deems necessary, advisable and beneficial to Members. Subject to any Coverage Program's applicable underwriting rules and other qualifying conditions, each Member shall be eligible to apply for membership and participation in any program conducted by the Entity. The Board may condition participation on approval by a majority vote of other participating Members.

(b) Program and Entity Funding. The Members developing or participating in a Coverage Program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting the Entity, hereinafter called Entity general expenses, shall be equitably allocated among the various programs and shall be funded by the Members developing or participating in such programs in accordance with such allocations, as determined by the Board of Directors or Executive Committee.

i. Development Charge. Development costs of a Coverage Program shall be funded by a development charge as fixed by the Executive Committee. The development charge shall be paid by each Member which wishes to join in development of the program, after receipt of information as estimated on the cost and scope of the program, and thereby reserve the option to participate in the program following its adoption by the Board of Directors. Development costs are those costs incurred by the Entity in developing a program for review and adoption by the Board of Directors, including but not limited to: research, feasibility studies, information and liaison work among Members, preparation and review of documents, and actuarial and risk management consulting services. The development charge may also include an equitable share of Entity general expense incurred in the development function. Upon the conclusion of program development: any deficiency in development funds shall be billed to all Members which have paid the development charge, on a pro-rata or other equitable basis, as determined by the Executive Committee; and any surplus in such funds shall be refunded to contributing Members on a pro rata basis.

ii. Annual Premium. Except as provided in iii. below, all post-development costs of a Coverage Program shall be funded by annual premiums charged to the Members participating in the program each policy year, and by interest earnings on the fund so accumulated. Premiums shall be determined by the Executive Committee upon the basis of a cost allocation plan and rating formula developed by the Entity with the assistance of an actuary, risk management consultant or other qualified person. The premium for each participating Member shall include that Member's share of expected program losses, program reinsurance costs, and program administrative costs for the year plus that Member's share of Entity general expense allocated to the program. Annual premiums shall be billed by the Entity at the beginning of each policy year and shall be payable within thirty (30) days of the billing date. At the end of each policy year, program costs shall be audited by the Entity. Any deficiency or surplus in the premium paid by a participating Member, as shown by such audit, shall be adjusted by a corresponding increase or decrease in the premium charge to that Member for the next succeeding year, unless the Member withdraws or is canceled from the program.

iii. Assessment. If the Entity experiences unusually large losses under a Risk Pooling Program during a policy year, such that pooled funds for the program may be exhausted or depleted excessively before the next annual premiums are due, the Board of Directors may, upon consultation with an actuary, impose assessments on all Members participating in that program, which, in total amount, will assure adequate funds to the Entity for the payment of all incurred losses. The Board, Executive Committee or other authorized committee may adopt a plan of assessment when the assets of Entity, or of a Coverage Program of the Entity, are less than its liabilities.

SECTION 21: New Auxiliary Organization Members

An Auxiliary Organization which is not a Member may become a party to this Agreement only upon approval of the Executive Committee and by paying an appropriate entry fee or charge as established by the Executive Committee. The Executive Committee may condition its approval upon the proposed Auxiliary Organization Member's ability to satisfy the underwriting criteria and other qualifying conditions which may then be in effect for any Coverage Program in which the proposed Auxiliary Organization Member wishes to participate.

SECTION 22: Withdrawal of ~~Auxiliary Organization~~ Members

(a) An Auxiliary Organization~~–~~ may withdraw as a party to this Agreement upon thirty (30) days' advance written notice to the Entity if it has never become a participant in any Coverage Program, or if it has withdrawn from all Coverage Programs in which it was a participant, pursuant to (b) below.

(b) After becoming a participant in a Coverage Program, an Auxiliary Organization may withdraw from that program only at the end of a policy year for the program, and, unless the Coverage Program's participation agreement, policies, procedures and rules otherwise provide, only if the Auxiliary Organization has given the Entity at least three (3) months' advance written notice of such action.

(c) The University may withdraw as a party to this Agreement and cause termination of the Agreement pursuant to Section 5 of this Agreement upon ninety (90) days' advance written notice to the Entity.

SECTION 23: Termination

(a) Notwithstanding the provisions of Section 22, the Board of Directors may:

i. Terminate any Member from this Agreement and membership in the Entity, on a vote of two-thirds of the Board members present and voting. Such action shall have the effect of terminating the Member's participation in all Coverage Programs of the Entity as of the date that membership is terminated, unless a later effective date is set by the Board.

ii. Terminate any Member's participation in a Coverage Program of the Entity, without terminating the Member's membership in the Entity or participation in other Coverage Programs, on a vote of two-thirds of the Board members present and voting.

(b) Upon the effective date, the Member shall be treated the same as if it had voluntarily withdrawn from this Agreement or from the Coverage Program, as the case may be. A termination procedure will be set forth in the Bylaws of the Entity.

(c) A Member which does not enter one or more of the Coverage Programs of the Entity within 36 months after the Member becomes a party to this Agreement shall be considered to have withdrawn as a party to this Agreement at the expiration of the 36-month period, and its

membership in the Entity shall be automatically canceled as of that time without action of the Board of Directors.

(d) A Member which withdraws from all Coverage Programs of the Entity in which it was a participant and does not enter any Coverage Program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to this Agreement at the end of that period, and its membership in the Entity shall be automatically canceled as of that time, without action of the Board of Directors.

(e) An Auxiliary Organization no longer on the list of recognized Auxiliary Organizations, as maintained by the University Executive Vice Chancellor/Chief Financial Officer may, upon recommendation by the University Executive Vice Chancellor/Chief Financial Officer, to the Board, be terminated as provided in paragraphs (a) and (b) of this Section 23.

SECTION 24: Effect of Withdrawal or Termination

The withdrawal or termination of any Member from this Agreement shall not terminate the responsibility of the former Member to continue to contribute to its share of assessments or other financial obligations incurred by reason of its previous participation, and shall not terminate the duties to cooperate with and assist the Entity as set forth in Section 19(f) above. The withdrawal or termination of any Member from this Agreement shall not result in distribution of or entitle the former Member to any surplus, unencumbered funds, reserves or other assets of the Entity except as provided under the applicable policies and procedures of the Entity or its programs or as provided under Section 25 of this Agreement. The effects of this Section 24 shall apply as respects all assets of the Entity that may have been accrued from its inception.

SECTION 25: Disposition of Property and Funds

(a) In the event of the dissolution of the Entity or other final termination of the Agreement, the Board of Directors shall continue to manage the activities and affairs of the Entity as necessary to conclude the operations of the Entity. The Board may maintain in place the Executive Committee and any committees, agents or employees necessary to do so. The dissolution plan adopted by the Board of Directors shall provide for, but not be limited to, the following:

i. Claims outstanding against, and incurred but not reported to, the Entity shall be audited and calculated, by an independent auditor and actuary selected by the Board, for a determination of future liabilities for expenses and costs to bring these claims to a conclusion.

ii. The current fair market value of the Entity's assets shall be determined by an independent appraiser selected by the Board.

(b) If the Board of Directors determines a dividend or return of contributions is to be declared, such dividend or return of contribution shall be computed pursuant to policies and procedures adopted by the Board of Directors. Return of contributions shall be made pro rata

based on total funding contributions made by each Member over the five (5) years immediately before the date of dissolution as defined in the dissolution plan.

(c) The Entity may be dissolved by vote of 2/3rds of the Board of Directors.

(d) In the event of the dissolution of the Entity or other final termination of the Agreement, any surplus money remaining in the pool shall be returned in proportion to the contributions made and the claims or losses paid.

SECTION ~~26~~:26: Provision for Bylaws

The Entity shall enact Bylaws and adopt other policies and practices to govern Entity operations. Each Member shall be provided copies of all such materials.

SECTION 27: Amendment of Agreement

This Agreement may be amended at any time by a two-thirds vote of the Board of Directors present and voting, provided, however, that:

(a) Any meeting at which an amendment is to be acted upon shall require thirty (30) days' prior notice of the proposal, with the subject matter and specific language of the proposed amendment to be set forth in the notice;

(b) No amendment which the Board of Directors determines will increase the liability or financial obligation of a Member Agency shall be approved without:

i. That Member's consent; or

ii. That Member being given the specific option to withdraw from the Entity; and

(c) The notice provision of this section shall not prohibit the Board from amending any proposed specific language during the noticed meeting, and no further notice shall be required.

SECTION 28: Assumption of Prior Agreements

The Entity may assume the rights and duties from prior agreements entered into by the University for the benefit of the University's former self-insurance programs by ratification of the Board of Directors.

SECTION 29: Agreement Complete

The foregoing constitutes the full and complete agreement of the parties. There are no oral understandings or agreements not set forth in this instrument.

SECTION 30: Effective Date of Agreement

The effective date of this Agreement shall be the date that the Board of Directors of the Entity duly and regularly adopts a resolution approving the form of this Agreement in the manner provided by Section 26 of this Agreement.

SECTION 31: Contract with Each Signatory Each party to this Agreement shall be deemed and is a contracting party with each and all of the other parties to this Agreement without regard to the time that a party became a party to the Agreement. The deletion of one or more parties from this Agreement shall not affect the validity, term or continuing effectiveness of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto, by and through their respective duly authorized representatives, has executed this Agreement on the date so indicated.

Participant Name

Date: _____ By: _____

and By: _____

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

BYLAWS

AS AMENDED AND RESTATED

EFFECTIVE ~~October 28, 2011~~ April 27, 2015

**Bylaws
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**BYLAWS
of the
CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY**

PREAMBLE

These Bylaws are adopted, amended and restated effective October 28, 2011 pursuant to the “Joint Exercise of Powers Agreement” of the California State University Risk Management Authority (the “Agreement”).

ARTICLE I - THE AUTHORITY

SECTION 1.1. Name of Entity. The name of the Entity created by the Agreement shall be the California State University Risk Management Authority (the “Entity”).

SECTION 1.2. Office of Entity. The principal office of the Entity shall be c/o CSU –Office of Risk Management, 401 Golden Shore Ave., Long Beach, CA, 90802, or at such other location as the Board of Directors may designate by resolution.

SECTION 1.3. Fiscal Year. The fiscal year for the Entity shall commence July 1 of each calendar year and end June 30 of the following calendar year.

ARTICLE II - DEFINITIONS

The following definitions shall apply to the provisions of these Bylaws:

(a) “Agreement” shall mean the joint exercise of powers agreement creating the Entity.

(b) “Auxiliary Organization” shall mean an organization described in California Education Code § 89901 *et seq.*, which is on the approved list of Auxiliary Organizations of the University’s Chancellor’s Office.

© “Auxiliary Organization Risk Management Alliance” or “AORMA” shall mean those Coverage Programs and associated services which are directed primarily at serving the Auxiliary Organization Members.

(d) “Board of Directors” or “Board” shall mean the principal governing body of the Entity.

(e) “Bylaws” shall mean the adopted Bylaws of the Entity as amended in their latest approved form.

(f) “Coverage Program” shall mean the Entity’s programs as defined herein.

(g) “Entity” shall mean the California State University Risk Management Authority created by and existing under the Agreement.

(h) “Executive Committee” shall mean the Executive Committee of the Entity’s Board of Directors.

(i) “Member” shall mean a party to the Agreement. For purposes of the Agreement, each University campus and the Chancellor’s Headquarters shall be considered separate Members, but such University campuses and the Chancellor’s Headquarters shall not be considered parties to the Agreement separate from the University.

(j) “Pooled Coverage Programs” shall consist of Coverages Programs provided directly by the Entity under a Risk Pooling Program pursuant to a Memorandum of Coverage and/or provided by a purchased Coverage Program. These may include, but are not limited to, Property, Workers’ Compensation, Liability, and Athletic Injury coverages as may be determined by the Board of Directors.

(k) “Program Director” shall mean the individual or firm retained by the Board of Directors to administer the Entity.

(l) “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.

(m) “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss.

(n) “University” shall mean the Board of Trustees of the California State University.

ARTICLE III - BOARD OF DIRECTORS

SECTION 3.1. Membership. The Entity shall be governed by a Board of Directors as set forth in the Agreement. It shall be composed of up to thirty (30) Directors appointed by or as delegated by the University Executive Vice Chancellor/Chief Financial Officer; and up to ten (10) Directors elected by the Auxiliary Organizations which become members of the Entity. Directors appointed by the University serve at the pleasure of the University Executive Vice Chancellor/Chief Financial Officer or his/her delegate, and may be replaced ~~by the University Executive Vice Chancellor/Chief Financial Officer,~~ at any time. Should the Executive Vice Chancellor/Chief Financial Officer appoint fewer than 30 Directors, the voting power for unfilled appointments shall be retained by the Executive Vice Chancellor/Chief Financial Officer and may be delegated by the Executive Vice Chancellor/Chief Financial Officer to a duly appointed Director(s). Directors elected by the Auxiliary Organizations shall serve subject to terms and conditions— of a policy and procedure duly adopted by the Auxiliary Organizations Risk Management Alliance Committee for election and replacement of same. Each Director of the Entity must be an officer, director or employee of the University or of an Auxiliary Organization.

All Directors shall comply with the provisions of California law which require certain public officials to file a Statement of Economic Interests, and with any applicable conflict of interest laws.

SECTION 3.2. Powers. The powers of the Board shall be as set forth in Section 9 of the Agreement.

(a) The Board of Directors shall retain overall responsibility for governance of the Entity, including the right to exercise all powers of the Entity not reserved to other persons or bodies of the Entity.

(b) The Board of Directors shall have reserved to itself the following express powers, duties and responsibilities:

i. Election of certain Entity officers and the members of its Executive Committee.

ii. Approval of the annual budget of the Entity.

iii. Approval of amendments to the Agreement and the Bylaws.

iv. Approval of new Coverage Programs of the Entity.

v. Amendment or modification of any prior actions or resolution of the Board of Directors.

vi. The exercise of powers of the Entity, including promulgation of policies, procedures and rules, with respect to all matters reserved to the Board of Directors by this Agreement, the Bylaws or otherwise.

SECTION 3.3. Meetings.

(a) Regular Meetings. A regular meeting of the Board shall be held at least once each year at a time and place to be set by the Board. Except as otherwise provided in Section 27 of the Agreement, the notice of the meeting and agenda for each regular meeting of the Board shall be posted in accordance with the applicable public meeting laws in effect at the time of the meeting.

(b) Special Meetings. Special meetings may be called relating to pending litigation with notice of the meeting and an agenda be provided to each Director at least forty-eight (48) hours in advance of the meeting.

(c) Public Meeting. All meetings of the Board shall be open to the public, except as provided by law, and may include closed sessions where permitted by law. Meetings will be held in compliance with the Bagley-Keene Open Meeting Act, [California](#) Government Code §11120, *et seq.*

(d) Quorum. The presence of a majority of the Directors of the Board shall constitute a quorum for the transaction of business. Except as otherwise provided in the Agreement, the Bylaws or by law, no action may be taken by the Board except by affirmative vote of not less than a majority of the votes held by those Directors of the Board present and voting. A smaller number may adjourn a meeting.

(e) Order of Business. At the regular meetings of the Board, the following shall be the order of business:

- i. Roll Call.
- ii. Approval of Minutes of the previous meeting.
- iii. Agenda Items.
- iv. Adjournment

(f) Manner of Voting. Voting shall be by acclamation; however a roll call may be requested by a majority of the Directors present, and the ayes and noes, abstentions, and members absent shall be entered in the minutes of the meeting.

(g) Action by the Board. All resolutions of the Board shall be in writing, signed by the Chair and attested to by the Secretary-Auditor. All other actions of the Board shall be by motion recorded in written minutes.

ARTICLE IV - EXECUTIVE COMMITTEE

SECTION 4.1. Membership.

(a) The membership of the Executive Committee shall be as set forth in Section 12 of the Agreement.

(b) The members of the Executive Committee shall be appointed or elected as individuals and not merely as representatives of a specific Member.

SECTION 4.2. Term. The Chair and Vice Chair of the Board, and the Treasurer of the Entity shall serve as Executive Committee members during their tenure as such officers. Terms of office are as set forth in Sections 11 and 12 of the Agreement.

SECTION 4.3. Powers, Duties and Responsibilities.

(a) The Executive Committee shall conduct, direct and supervise the day-to-day business of the Entity and in doing so shall exercise the powers expressly granted to it by the Agreement, these Bylaws and as otherwise delegated by the Board of Directors.

(b) The following duties and responsibilities shall be assumed and carried out by the Executive Committee, which shall have all powers necessary for those purposes:

i. Provide general supervision and direction to the Program Director.

ii. Authorize payment of claims against the Entity; provided, however, that with respect to claims arising under Coverage Programs operated by the Entity, claim settlement authority shall be in accordance with the policies and procedures governing the particular Coverage Program.

iii. Enter into contracts, within budget limits.

iv. Make payments pursuant to previously authorized contracts, within budget limits; this authority includes the power to authorize and reimburse expenses incurred for budgeted activities, within budget limits.

v. Review and recommend a budget to the Board

vi. Act as Program Director in the absence of the Program Director.

vii. Establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.

viii. Appoint a nominating committee for each election of officers and Members of the Executive Committee.

(c) Subject only to such limitations as are expressly stated in the Agreement, these Bylaws or a resolution of the Board of Directors, the Executive Committee shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the Entity.

SECTION 4.4. Meetings.

(a) Regular Meetings. Regular meetings of the Executive Committee shall be held at least twice a year and at other times as the Executive Committee deems appropriate. The time and place of regular meetings shall be set by the Executive Committee, and the Board of Directors shall be notified of the meeting schedule. The notice of the meeting and agenda for each regular meeting of the Executive Committee shall be posted in accordance with the applicable public meeting laws in effect at the time of the meeting.

(b) Special Meetings. Special meetings may be called relating to pending litigation with notice of the meeting and an agenda to be provided to each Director at least forty-eight (48) hours in advance of the meeting.

(c) Public Meetings. All meetings of the Executive Committee shall be open to the public, except as provided by law, and may include closed sessions where permitted by law. Meetings will be held in compliance with the Bagley-Keene Open Meeting Act, [California Government Code §11120, et seq.](#)

(d) Quorum. Five (5) members of the Executive Committee shall constitute a quorum for the transaction of business. Except as otherwise provided, no action may be taken by the Executive Committee except by affirmative vote of not less than a majority of those Executive Committee members present and voting. A smaller number may adjourn a meeting.

(e) Manner of Voting. Voting shall be by acclamation; however a roll call may be requested by a majority of the Executive Committee members present, and the ayes and noes, abstentions, and members absent shall be entered in the minutes of the meeting.

(f) Action by the Executive Committee. All resolutions of the Executive Committee shall be in writing, signed by the Chair and attested to by the Secretary-Auditor. All other actions of the Executive Committee shall be by motion recorded in written minutes.

(g) Removal From Executive Committee. A member may be removed from the Executive Committee in the following ways:

i. Death of an Executive Committee member.

ii. Voluntary resignation; an Executive Committee member will be considered to have resigned if no longer qualified to be a Director under Section 3.1.

iii. Absence from three (3) consecutive meetings unless excused by the Chair or his or her designee.

iv. Removal of the Chair or Vice Chair from the Executive Committee shall also constitute removal from office.

(h) Replacements. Upon removal of an Executive Committee member, [an interim Executive Committee member may be appointed by the Chair, and](#) the Board of Directors [may](#) ~~shall~~ hold an election ~~at its next meeting~~ to fill the vacancy for the remainder of the unexpired term, following the procedures set forth in Section 11 and Section 12 of the Agreement.

ARTICLE V - OFFICERS

SECTION 5.1. Principal Officers.

The principal officers of the Entity are the Chair, Vice Chair, Secretary-Auditor and Treasurer, as provide in Section 11 of the Agreement.

SECTION 5.2. Other Officers.

The Executive Committee may create such other offices and appoint such other officers as it deems necessary and advisable. Officers so appointed shall serve at the pleasure of the Executive Committee and shall exercise such powers, perform such duties and assume such responsibilities as set forth in a resolution duly adopted by the Executive Committee for that purpose.

SECTION 5.3. Powers.

The Chair, and Vice Chair in the Chair's absence, shall execute and implement directives of the Board of Directors and Executive Committee. They shall have the following duties and responsibilities:

- (a) Direct employees, agents and consultants.
- (b) Negotiate contracts for services on behalf of the Executive Committee that are not specifically delegated to a committee.
- (c) Authorize work assignments under existing contracts that are within the amount budgeted.
- (d) Sign documents on behalf of the Executive Committee and/or the Entity.
- (e) Recommend agenda topics for meetings of the Board of Directors and Executive Committee.
- (f) Coordinate and review progress in attaining the Entity's annual goals and objectives.

ARTICLE VI - OTHER STANDING COMMITTEES

SECTION 6.1. Establishment of Committees.

Pursuant to Section 13 of the Agreement, the Entity shall have standing committees as may be appointed from time-to-time by the Board of Directors, Executive Committee or the Chair.

SECTION 6.2. AORMA Committee.

(a) The “Auxiliary Organizations Risk Management Alliance Committee” or “AORMA Committee” shall be a standing committee of the Entity. The committee shall consist of all Directors elected by Auxiliary Organizations. The term “Officers” shall be used to designate the following seats on the AORMA Committee: Vice-Chair and Chair. The Vice-Chair shall be elected from among the AORMA members and shall assume the seat of the Chair in the following year. Officers shall serve one, one-year term in each Officer seat. If the Chair is unable to complete his/her term, the Vice-Chair shall assume the role of the Chair and shall appoint an interim Vice-Chair from the remaining members of the committee until such time that the committee can meet to elect a new Vice-Chair. If the Vice-Chair is unable to complete his/her term, the Chair shall appoint an interim Vice-Chair from the remaining members of the committee until such time that the committee can meet to elect a new Vice-Chair. An officer completing a partial term shall be eligible to serve a subsequent full term. The AORMA Committee may also appoint alternates in accordance with the Policy & Procedure developed for the committee and adopted by the Board of Directors.

Effective July 1, 2003, the AORMA Committee members may serve a maximum of three consecutive two-year terms with half of the members’ terms expiring in the odd years and the other half expiring in the even years. After accruing AORMA Committee service of three two-year terms on the AORMA Committee or serving in Officer and alternate roles, an AORMA Committee member shall not be eligible to serve on the Committee for one year, after which time the member will be eligible for re-election.

(b) The purpose of the AORMA Committee shall be to advise the Executive Committee and the Board of Directors of all operational aspects of those Coverage Programs in which Auxiliary Organizations participate and to execute and implement the directions of the Executive Committee with regard to matters within the committee’s powers, duties and responsibilities, which shall be as follows:

(c) Underwriting

i. Advise and report to the Executive Committee on matters relating to prospective new Auxiliary Organization Members.

ii. Solicit information necessary to evaluate Auxiliary Organization membership applications.

iii. Determine adequacy of information provided by prospective Auxiliary Organization Members.

(d) Coverage

i. Make recommendations to the Executive Committee regarding those Coverage Programs in which Auxiliary Organizations participate.

ii. Review and advise on memorandum of coverage matters.

iii. Make recommendations to the Executive Committee concerning coverage issues.

SECTION 6.3. Meetings of Standing Committees. Standing committees shall meet on the call of their respective committee chairs. Minutes of committee meetings shall be recorded. Activities of committees shall be reported upon as directed by the Executive Committee. Meetings of committees shall be conducted in accordance with the applicable open meeting law, except that meetings of the AORMA Committee, shall be conducted in accordance with California Education Code § 89920 *et. seq.*

ARTICLE VII - PROGRAM DIRECTOR

SECTION 7.1. Appointment. The Board shall appoint a Program Director in accordance with Section 14 of the Agreement.

SECTION 7.2. Powers. In accordance with Section 14 of the Agreement, the Program Director shall administer the business and activities of the Entity. The Program Director shall have such powers, duties and responsibilities as set forth in the Agreement, these Bylaws and as may be provided by agreement between the Program Director and the Entity or as otherwise delegated to the Program Director by the Board of Directors or the Executive Committee.

ARTICLE VIII - REIMBURSEMENT FOR TRAVEL EXPENSES

Subject to the provisions of Article III, Section 3.2(b) ii. of these Bylaws, members of the Executive Committee, principal staff designated by the Executive Committee and duly appointed members of standing committees may be reimbursed for all reasonable and necessary travel expenses when required or incurred by those persons in attending meetings of the Executive Committee or a standing committee of the Entity. Reimbursable expenses may include charges for meals, lodging, air fare and costs of travel by automobile at the rate per mile allowed as a business expense by the Internal Revenue Service. If the Board determines that travel expenses shall be reimbursed, the Executive Committee shall adopt a policy and procedure in accordance with this Article VIII. The Treasurer, upon presentation by the Secretary-Auditor, approval of the Chair, shall be authorized to pay all such expenses deemed reasonable and necessary.

Article IX - TERMINATION OF MEMBERSHIP

A Member may be terminated from membership in the Entity or from participation in a program of the Entity, in accordance with Section 23 and Section 24 of the Agreement. The procedures for terminating a Member are as follows:

SECTION 9.1. Initiation. Proceedings for termination of a Member as a participant in a program of the Entity or as a Member of the Entity may be initiated by the Program Director, by

any Officer, Director or standing committee of the Entity or by any Member. The person initiating termination proceedings shall do so by a written report and recommendation to the Board of Directors, setting forth in detail the grounds upon which the recommendation is made.

SECTION 9.2. Notice and Hearing by Board. Upon receipt of the report and recommendation, the Board shall hold a hearing on the matter of the termination, at which hearing the affected Member shall have the right to offer written and oral testimony subject to reasonable time constraints. The Board shall give the Member at least thirty (30) days prior written notice of the hearing, and shall provide the Member with a copy of the report and recommendations required to initiate the termination proceedings.

SECTION 9.3. Action of Board. At the close of the hearing on the matter of termination, the Board shall determine whether or not the Member will be terminated. If the Board decides to terminate the Member's participation, it will set the effective date of termination as well.

ARTICLE X - AMENDMENT

These Bylaws may be amended from time to time by resolution of the Board of Directors duly adopted upon the majority vote of those members present and voting at a regular or special meeting of the Board; provided, however, that no such amendment shall be adopted unless noticed to the members of the Board of Directors under the open meeting law applicable at the time of the proposed meeting. Such notice shall identify the section or sections of the Bylaws proposed to be amended.

ARTICLE XI - COVERAGE DOCUMENTS

Each Member participating in a program of the Entity shall be provided with either a Memorandum of Coverage or an insurance policy, as the case may be, which shall describe in detail the nature of the applicable coverage, including dollar amounts, together with any deductibles, exclusions, limitations or other provisions of the coverage.

ARTICLE XII - RECORDS RETENTION

All records and documents of the Entity shall be retained in accordance with a records retention policy and procedure adopted by the Board of Directors.

ARTICLE XIII - LIABILITY AND INDEMNIFICATION

SECTION 13.1 - INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES - The Entity shall defend and indemnify its Directors, officers and employees to the same extent as any public agency of the State of California is obliged to defend and indemnify its public employees pursuant to California Government Code § 825 *et seq.* or other applicable provisions of law for actions taken for or on behalf of the Entity.

SECTION 13.2 - INSURANCE - The Entity may insure itself to the extent deemed necessary by the Board of Directors against loss, liability and claims arising out of or connected to the conduct of the Entity's activities.

SECTION 13.3 - INDEMNIFICATION BY MEMBERS- To the extent any Member's intentional or negligent acts or omissions are the cause of an injury for which other Members may be, or are sought to be, held liable pursuant to Government Code § 895 *et seq.*, the Member which is legally responsible for the injury shall, at its own expense, defend, indemnify and hold harmless such other Member or Members from any and all legal consequences of the intentional or negligent acts or omissions. Nothing in this Section shall be deemed to preclude a Member having the duty to defend, indemnify and hold harmless, from resorting to any insurance or other form of coverage for losses available to the Member, including insurance or coverage for losses procured through the Entity.

~~IN WITNESS WHEREOF, each of the parties hereto, by and through their respective duly authorized representatives, has executed this Agreement on the date so indicated.~~

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

**BOARD OF DIRECTORS
RESOLUTION NO. 02-15 (BOD)**

**Resolution to Adopt the California State University Risk Management Authority
Amendments to the Joint Exercise of Powers Agreement and Bylaws**

The Board of Directors of the California State University Risk Management Authority (CSURMA) finds and determines as follows:

- (1) An operational review of CSURMA resulted in recommendations to amend CSURMA's Joint Exercise of Powers Agreement (JEPA) and Bylaws.

IT IS RESOLVED by the Board of Directors of the California State University Risk Management Authority as follows:

- (1) The CSURMA Joint Exercise of Powers Agreement is amended as follows:
 - a) Section 7, Powers of Entity, Item (a) (vi) is modified to cite section CA Government Code 6505.5 rather than 6505.
 - b) Section 8, Board of Directors, is revised to clarify that the Executive Vice Chancellor / CFO may delegate appointment of directors to the campus President.
 - c) Section 11, Officers of the Entity, is amended to provide (1) that the CSURMA Board Chair and Vice Chair may serve up to three consecutive terms; (2) that the Treasurer is a member of the Board and (3) that the Executive Vice Chancellor / CFO may appoint officers to fill vacancies until the next CSURMA Board election.
 - d) Section 20, Development, Implementation and Funding of Coverage Programs, Item (b) (iii) is amended to clarify that the Board may declare an assessment when liabilities exceed the assets of a Coverage Program.
 - e) Section 22, Withdrawal of Members, Item (c) is amended to add a provision describing that the University may withdraw from the Joint Exercise of Powers Agreement upon 90 days written notice to CSURMA.
- (2) The CSURMA Bylaws is amended as follows:
 - a) Article III, Board of Directors, Section 3.1 – Conform appointment of Directors to new language proposed for Joint Exercise of Powers Agreement above.
 - b) A provision is added to Article IV, Executive Committee, Section 4.4(h) allowing the CSURMA Chair to appoint interim replacements to fill Executive Committee vacancies.

- c) Article VIII is amended to have the Secretary-Auditor review and recommend to the Treasurer payment reimbursement of travel expenses as provided in CSURMA Policy and Procedure No. 17.
- d) The additional language related to the signature block at the end of Article XII, Section 13.3 is being removed as it is not necessary.

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Board of Directors of the California State University Risk Management Authority held on April 27, 2015 which was approved by the following votes:

AYES, and in favor thereof, members:

NOES, members:

ABSTAIN, members:

ABSENT, members:

Linda Hawk, Chair

Robert Eaton, Secretary-Auditor

LIABILITY CLAIMS ADMINISTRATION AUDIT RESULTS

ISSUE: Upon the approval of the Executive Committee at its meeting on December 5, 2014, CSURMA engaged Dennis Mitchell of Bickmore Risk Servicers (BRS) to conduct a performance review of its claims administrators for Campus Liability (Chancellor's Office) and AORMA Liability (Carl Warren and Company). The review was performed in January and February 2015. The auditor's draft reports of its findings and recommendations were reviewed by the Executive Committee and the AORMA Committee at their meetings on March 19, 2015.

BRS performed the last claim audits for Campus Liability and AORMA Liability in 2013. To ensure consistency of review, the Executive Committee authorized the Secretary-Auditor to engage BRS as claims auditor for 2015. The Executive Committee deferred the claims audit for AIME pending resolution of its TPA agreement.

RECOMMENDATION: No action requested. This item is for information only.

FISCAL IMPACT: The costs for each of the claim audits are within the Executive Committee's authority to approve the expenditures in FY 2014/15. The audit fees were \$5,000 for both the Campus Liability and AORMA Liability programs.

BACKGROUND: In accordance with Policy and Procedure No. 5, it is the policy of CSURMA that its third-party claims administrators (TPAs) are to be audited on a periodic basis to ensure that the Authority is receiving high quality services. Further, it is CSURMA's procedure that the audits are performed biennially such that Campus Liability, Campus Worker's Compensation, AIME, and AORMA Liability occur in odd-numbered calendar years; and AORMA Workers' Compensation occurs in even-numbered calendar years.

PUBLICATION: None.

ATTACHMENT(S):

- a. BRS Audit report for AORMA Liability (*claims list removed*)
- b. BRS Audit report for Campus Liability (*claims list removed*)



General Liability and Errors and Omissions
Claim Audit

California State University Risk Management Authority

March 19, 2015



March 19, 2015

Mr. Robert Leong
Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111

RE: **California State University Risk Management Authority
General Liability and Errors and Omissions Claims Audit**

Dear Mr. Leong:

Please find enclosed the findings and recommendations of our claims audit on behalf of the California State University Risk Management Authority (CSURMA). This audit examines the claims handling practices of State Risk Management (SRM) in the self-administration of its claims.

We present an overview of our findings in Chapter I and discuss our findings in Chapter II. We look forward to discussing this report.

Bickmore appreciates the opportunity to provide claims program and evaluation services and the assistance received from SRM and campus Risk Managers to complete this project.

We stand ready to answer any questions. Please feel free to contact me at:

Bickmore
1100 Town & Country Road, Suite 1550
Orange, California 92668
Phone: (714) 426-8507
E-mail: demitchell@bickmore.net

It has been a pleasure to provide services for this important project.

Respectfully submitted,

Dennis Mitchell, CPCU, SCLA, ARM
Senior Claims Consultant

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I. Executive Summary

The California State University Risk Management Authority (CSURMA) is a Joint Powers Authority (JPA) authorized by California Government Code §6500 et seq. The JPA was established in 1997 to perform pooled group insurance and risk management-related activities for the California State University (University) system and its 23 campuses. Claims and risk management functions are centralized in the Chancellor's Office in Long Beach, California.

The University is the largest four-year public university system in the nation with 45,000 faculty and staff, and 447,000 students at its 23 statewide campus locations and the Chancellor's office.

Claims are administered by the Systemwide Office of Risk Management (SRM) under the management of a Director and three staff members who provide claim oversight and support services. Prior to October 2011 claims were received by the state Victim Compensation and Government Claims Board (VCGCB) and administered by Alliant Insurance Services, Inc. (Alliant). The Claims Director reports to the Assistant Vice Chancellor - Financing, Treasury, and Risk Management. We provide an organization chart in Exhibit I-1.

While there is no reporting relationship, the Director works closely with the Office of General Counsel (OGC) and campus risk managers. The Board of Trustees (BOT) has delegated settlement authority to General Counsel.

Coverage is provided under a Master Coverage Document governing General Liability and Errors and Omissions Coverage which specifies coverage provided to members, definitions, limitations, exclusions, and conditions. A summary document is updated annually and provides member self-insured retention (SIR) levels recorded on the individual member declarations page. Coverage is intentionally broad, providing \$5 million of pooled coverage. CSURMA purchases excess coverage above the pooled layer. Ironshore Specialty Company provides \$5 million excess of the pooled layer and Allied World Assurance Company provides an additional \$10 million.

Auto Liability claims are handled by the California Office of Risk and Insurance Management (ORIM) and Property claims are handled by Alliant.

Each of the 23 campuses has a designated Risk Manager whose role in handling claims is supported by SRM. The University's OGC assigns an attorney to each campus to assist with legal claim issues. OGC is responsible for litigation management and oversight, including:

- Assigning newly litigated claims to OGC, an Attorney General (AG) with the California Department of Justice (DOJ), or outside counsel;
- Promoting evaluation and ongoing strategy development;
- Providing general guidance and settlement recommendations; and
- Controlling litigation costs.

SRM is responsible for administering claims made against the University, including:

- Receiving, recording, and acknowledging new claims;
- Coordinating liability investigations with the campus Risk Manager;
- Ensuring reserve accuracy by evaluating claim developments and seeking additional information when appropriate;
- Reporting appropriate claims to the University's excess carriers;
- Promoting case resolution by obtaining settlement authority when appropriate, coordinating resolution, and overseeing check issuance;
- Ensuring closed claims with payments contain sufficient documentation to support the payment(s); and
- Providing campuses with reports on claim activity.

To meet its responsibilities, SRM maintains daily contact with campus Risk Managers and with OGC to gather and exchange information regarding the 180 liability claims they administer annually.

The purpose of this audit is to:

- Verify CSURMA's claims are administered effectively by SRM, and practices meet industry best practices, comply with state law, and internal procedures; and
- Identify opportunities for program improvement and make recommendations to ensure improvement.

To assist CSURMA in assessing the effectiveness of its claims administration, Bickmore:

- Reviewed CSURMA "Liability Claims Administration Guidelines" (Guidelines) dated December 2014;
- Reviewed the recently developed "Claims Operational Manual" (Manual), which provides staff with instructions and procedures;
- Reviewed CSURMA's "Master Coverage Documents – General Liability and Errors and Omissions;"
- Interviewed SRM claims administration staff regarding:
 - Workflows and administration of claims according to established Guidelines;
 - Communication with campus Risk Managers; and
 - Communication with OGC located in Long Beach and at the campuses.
- Interviewed selected campus Risk Managers;

- Interviewed OGC attorneys responsible for oversight of University litigation and acting as General Counsel for CSURMA;
- Reviewed open and closed claims data and selected the sample of 45 liability claims shown in Appendix A;
- Reviewed the sample claims onsite at the Chancellor’s Office in Long Beach, California from February 25 through February 27, 2015, to determine whether SRM policies and procedures meet industry best practices and are applied;
- Provided feedback communicating our findings on each claim to SRM at the conclusion of the onsite audit; and
- Discussed the findings telephonically, concluding discussions on March 3, 2015.

SRM is led by a Director who reports to the Assistant Vice Chancellor – Financing, Treasury, and Risk Management. Claims administrative staff includes:

- One Claims Examiner, responsible for day-to-day handling of claims under the supervision of the Director;
- One Senior Manager, supporting the team by developing reports and analyzing claims data for both the University and CSURMA; and
- One Administrative Analyst responsible for invoice payments, member billing, and workers’ compensation financial support for the University.

SRM uses *iVOS*[®] software, originally developed by Valley Oak Systems and now supported by Ventiv Technology, to record statistical and financial data in a web-based environment. *iVOS*[®] is a user-friendly system which supports a paperless claims administration environment and allows:

- Documentation of claim activity in an electronic notepad;
- Use of template letters which automatically download electronically to the file;
- Retention of scanned documents through its “sticky notes” feature; and
- Development and issuance of a variety of reports to apprise members and management of claim activity.

We were provided with a ten-year history of open and closed claims as of December 31, 2014. Our analysis of the data reflected 185 open pending claims and we randomly selected 45 open and closed claims for review. Twenty-five claims (56%) of the sample are litigated, compared to the overall pending litigation rate of 48%.

We find overall performance at 96%, indicating a **Superior** performance level as shown in Table I-1. All components we measure achieved an acceptable or better score, with six of nine scoring superior and one scoring commendable.

We find:

- SRM generally complies with industry best practices and its internal procedures for administering liability claims;
- In evaluating the investigation and litigation management components, SRM functions differently than most claim organizations:
 - Campuses are primarily responsible for completing field investigation, with SRM taking a supporting role and following up to ensure investigation is sufficient to determine liability; and
 - OGC is responsible for managing litigation, including selection of attorney, development of case strategy, managing costs and resolution; SRM’s role is to monitor developments to ensure reserve accuracy, compliance with statutory reporting and notification of excess carriers when appropriate.
- Claims are promptly recorded and well-documented;
- SRM’s opportunities for improvement include completion of bodily injury indexing and updating the “Litigation Management” screen in iVOS to record attorney information; and
- As discussed in the Chapter II sections on Reserve Management, Communication, and Claim Disposition and Payment; SRM, CSURMA, and OGC have an opportunity to work together to resolve:
 - Timeliness and methodology of OGC obtaining and sharing updates on litigated claims to support SRM’s responsibility to maintain accurate reserves; and
 - Implementation of the best practice of requiring sufficient documentation of settlement rationale within a central location when settlements can be approved by OGC (campus counsel, AG, or outside counsel), CSURMA (with campus approval), or the campus (up to \$100,000 limited by the campus SIR).

To arrive at our findings we compared performance in the nine claims handling component areas for each claim shown in Appendix A against industry standards, state law, and CSURMA’s requirements. Results are shown in Exhibit I-2 “Scoring by Component with Financials,” and graphically in Exhibit I-3.

By scoring each component using the performance evaluation criteria shown in Table I-2 and dividing the ‘Yes’ findings by possible findings (‘yes’ plus ‘no’ findings), we determine the compliance percentage. Using the scale shown in Table I-1, we assess performance setting an acceptable target at 85%, considering the compliance percentage for each component by claim and across all claims.

Table I-1
Performance Evaluation Scale

Performance	Compliance Percentage
Superior	96% - 100%
Commendable	91% - 95%
Acceptable	85% - 90%
Requires Improvement	Below 85%

Table I-2
Performance Evaluation Criteria

Evaluation	Grading Criteria
Yes	Complete compliance with industry standards and internal procedures. File reflects active steps are taken to resolve claim.
No	Lack of compliance with industry standards and internal procedures. Evidence of substandard claims handling, creating exposure to penalties or disbursement of undue benefits.
Not Applicable	The claim does not present a need for claims handling in the component area.

We make recommendations to enhance performance for component results below Commendable, or when subcomponents or criteria are scored below Acceptable.

To improve performance we recommend implementing the enhancements discussed in Table I-3.

Table I-3
Performance Enhancement Recommendations Summary

Performance Component	Performance Enhancement Recommendations
Investigation	<ul style="list-style-type: none"> • Follow-up with the campus at 30-day intervals until investigation requested is completed. • Complete a bodily injury index report for each qualifying claim through <i>ISO ClaimSearch</i>[®], as required by industry best practices and CSU Guidelines to: <ul style="list-style-type: none"> – Develop information on the claimant’s prior injuries; and – Provide data necessary for ISO to query the Centers for Medicare & Medicaid Services (CMS) regarding Medicare eligibility. • Consider requesting medical and wage authorizations at the initial encounter with the claimant or attorney when bodily injury is alleged.
Statutory Compliance	<ul style="list-style-type: none"> • Work with ISO to develop a mechanism to document claim files with query results regardless of eligibility status. Regardless, we recommend SRM require the Examiner to use the data provided by ISO to: <ul style="list-style-type: none"> – Verify a successful query was submitted to CMS on each claim alleging bodily injury; – Document the file with Medicare status and notify OGC if the claim is in litigation and the claimant is Medicare-eligible; and – Periodically review to verify all appropriate claims have been queried.
Communication	<ul style="list-style-type: none"> • Develop increasing communication between SRM and OGC staff to promote timely reserving updates by: <ul style="list-style-type: none"> – Requesting OGC revise its assignment letter to the AG and outside counsel, adding a requirement to provide an initial analysis within 30 – 45 days of assignment; – Providing the OGC Litigation Team Leader a copy of SRM’s third request (within 60 days) to the OGC attorney supervising the litigation; and – Requiring the AG and outside counsel to copy SRM on reports detailing litigation status or settlement evaluation.
Claims Management Information System (CMIS)	<ul style="list-style-type: none"> • Increase supervision to monitor completion of the iVOS Litigation screen according to the CSU Manual.
Claim Disposition and Payment	<p>We recommend General Counsel, OGC, SRM, and Campus Risk Managers work together to:</p> <ul style="list-style-type: none"> • Update the CSU Guidelines to comply with CSURMA’s Policies and Procedures by requiring documentation of settlement authority, including: <ul style="list-style-type: none"> – Explanation of rationale for the settlement; – Signed release and settlement of claim; and – Documentation of settlement approval, if required, based on the designated authority. • Designate a single repository for settlement and payment documentation of claims and litigation involving payment of CSURMA funds.

In Section II, we present our findings in detail with a discussion of industry standards and our recommendations. We recommend our report be read in its entirety.

Exhibit I-1

Systemwide Risk Management and Public Safety
Organizational Chart
Claims Administration

Systemwide Risk Management
Organizational Chart



Exhibit I-2

Scoring by Component with Financials

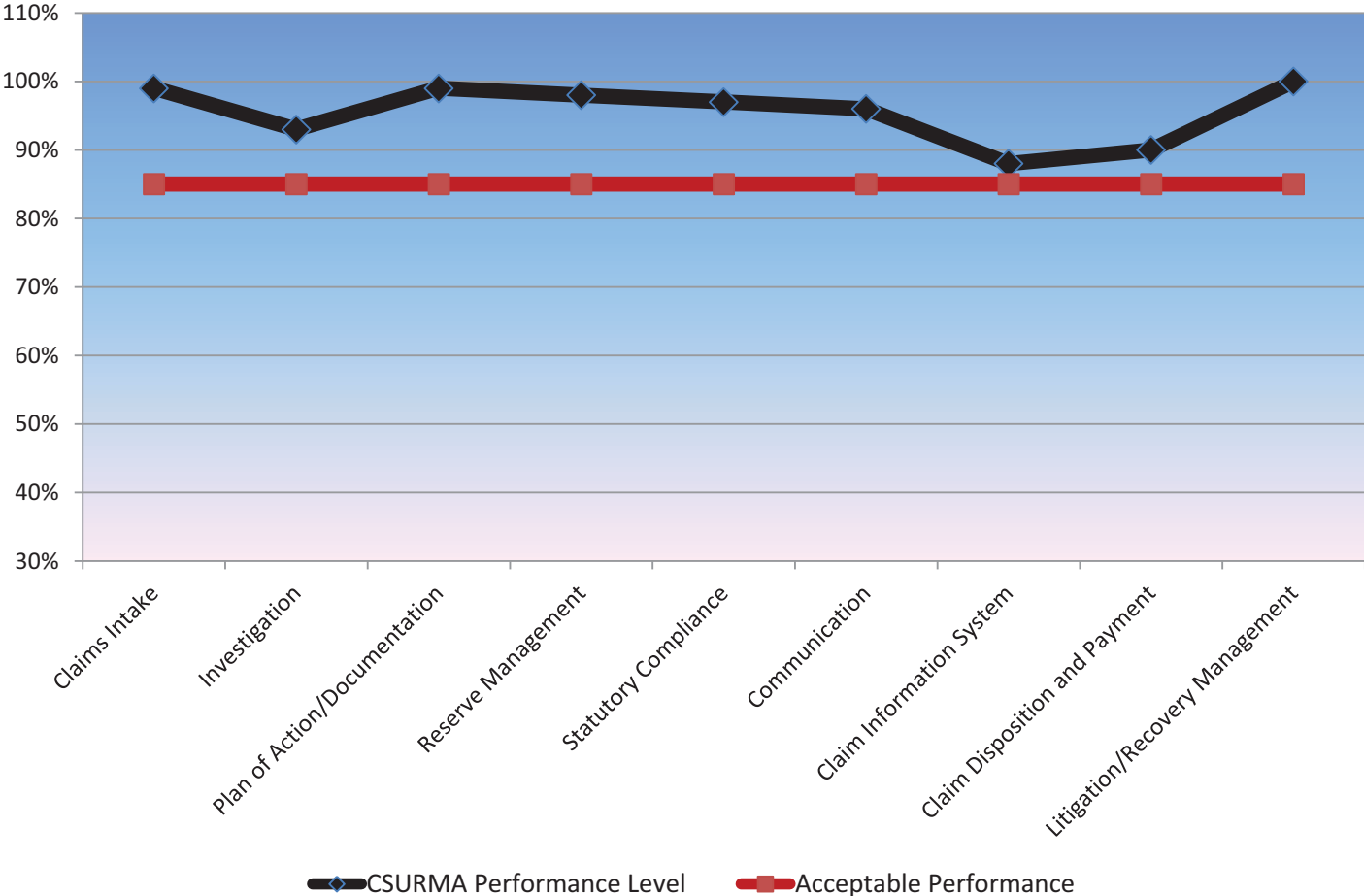
Claims Reviews Completed:	45	Actual Reserve:	\$2,470,978
Incurred:	\$3,332,683	Recommended Reserve:	\$2,470,978
Paid:	\$861,705	Net Reserve Change:	\$0

Claims Administration Component	Claims Graded	Number of Responses for Component			Compliance Percentage
		Yes	No	NA	
01 Claims Intake	45	244	3	23	99%
02 Investigation	42	141	10	254	93%
03 Plan of Action/Documentation	44	292	3	155	99%
04 Reserve Management	45	250	5	150	98%
05 Statutory Compliance	43	68	2	110	97%
06 Communication	42	75	3	57	96%
07 Claim Management Information System	45	161	23	41	88%
08 Claim Disposition and Payment	36	148	16	556	90%
09 Litigation/Recovery Management	1	4	0	626	100%
Overall Claims Administration	45	1,383	65	1,972	96%

Appendix B summarizes the “Yes/No” responses and identifies each exception by claim.

Exhibit I-3

Scoring by Component Summary Graph



II. Detailed Findings

This chapter provides our findings for each component we measure. Our findings consider how well procedures meet industry best practices and how well procedures are applied in handling the claims according to the sample review. Below is a narrative discussion of our analysis and findings. Exceptions for all components are found in Appendix B. Upon request, we can provide additional detail to include comment on each claim reviewed.

1. Claims Intake

99%

Best practices require the JPA to develop policies and procedures to promote timely, accurate claim reporting by members. Best practices also require an administrator to:

- Maintain manageable caseloads to promote prompt, effective service to members and third party claimants;
- Process assignments within one business day; and
- Verify the Master Coverage Documents apply to the loss date and the claim facts.

Claims are recorded promptly once a Government Tort Claim is filed, usually on the date received. Incidents reported by campuses are recorded in *iVOS*[®], but not reserved until the claimant files the required form, available on the University's website. Once the form is received, CSURMA requires an acknowledgment letter be sent to the claimant within two days.

CSURMA Guidelines require the claims administrative staff obtain all available information from the campus. Campus Risk Managers are cooperative in providing information to SRM. While campus Risk Management does not have dedicated claim investigative staff available, they generally provide sufficient information and evidence through campus police, maintenance, or environmental staff.

Two staff members provide oversight for claims. Caseloads are manageable. CSURMA incurred an average of 180 claims per year for the three calendar years ending December 31, 2014. During the same period, SRM closed an average of 184 per year, for a closing ratio of 102%. This is a favorable ratio; ratios exceeding 100% reflect closures exceeding intake, demonstrating staff are productive in managing the pending claims. A favorable ratio also lessens the likelihood of need for additional staff to handle a rising number of pending claims. Figure II-1 graphically demonstrates the favorable three-year intake and closing data.

CSURMA's claims are complex, with 68% of the total intake for three years and 90% of the pending claims involving bodily injury or personal injury. Almost half (48%) of the pending claims are litigated. Figure II-2 demonstrates the complexity by graphically presenting the composition of the claim intake over the past three years, by claim type and average total incurred. Claim counts reflect all claims received during the calendar year and average total incurred reflects the total indemnity and expense of all claims reported during the calendar year, as of December 31, 2014.

Figure II-1

Claim Intake and Closings
2012 through 2014

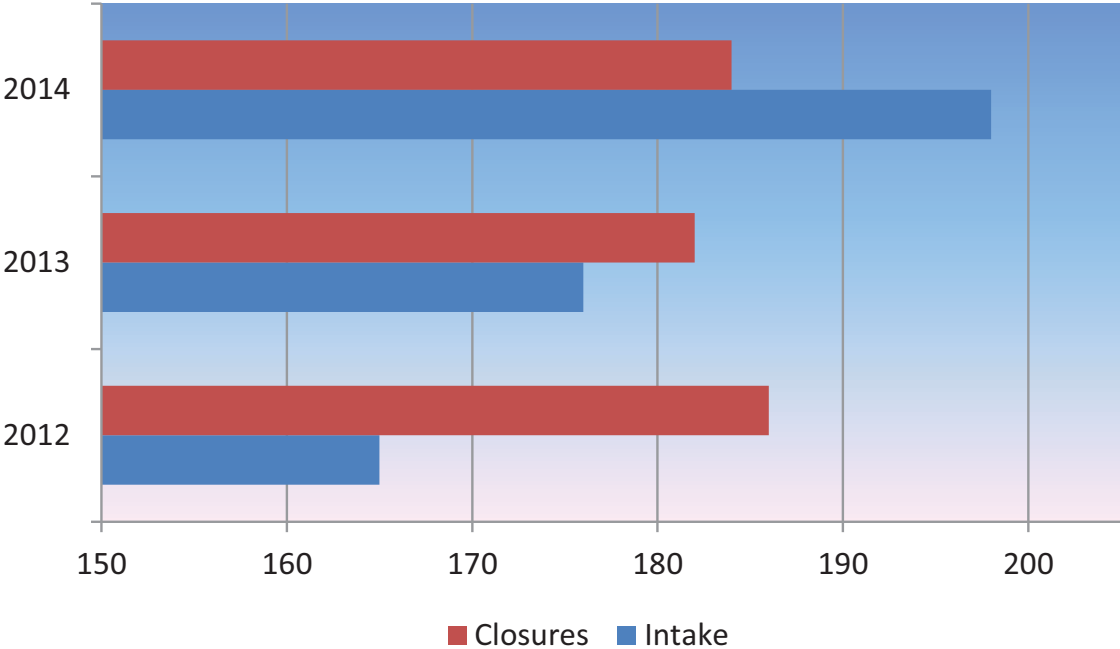


Figure II-2

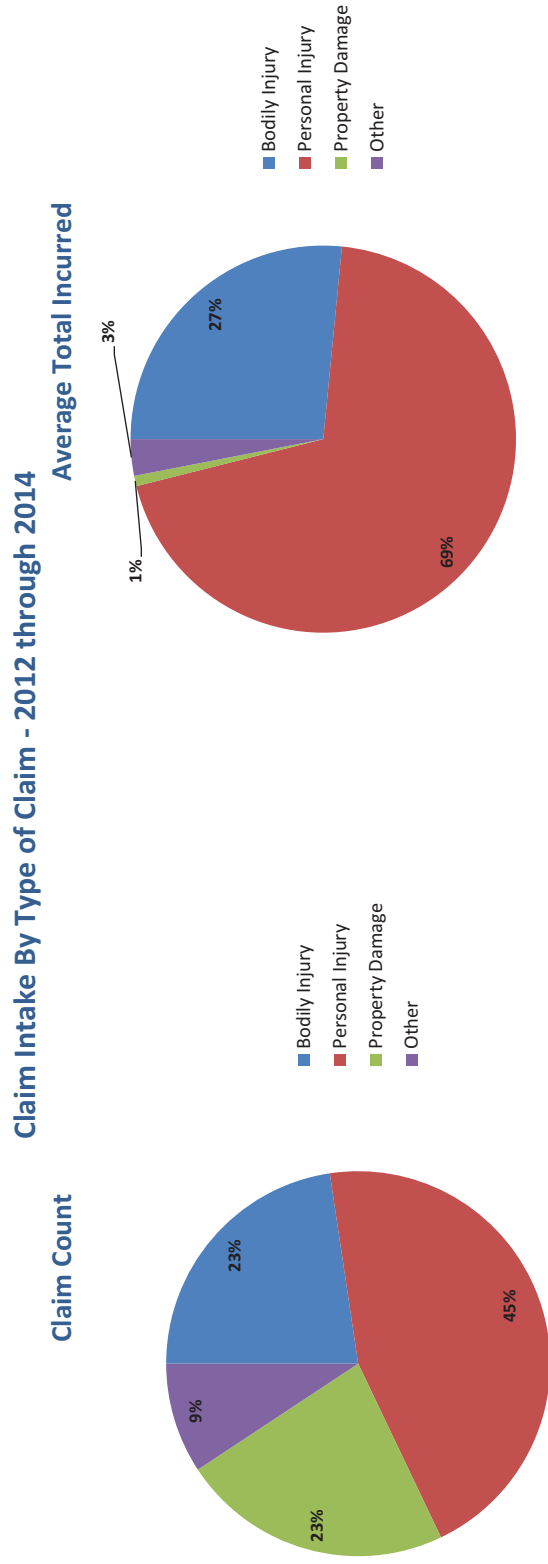
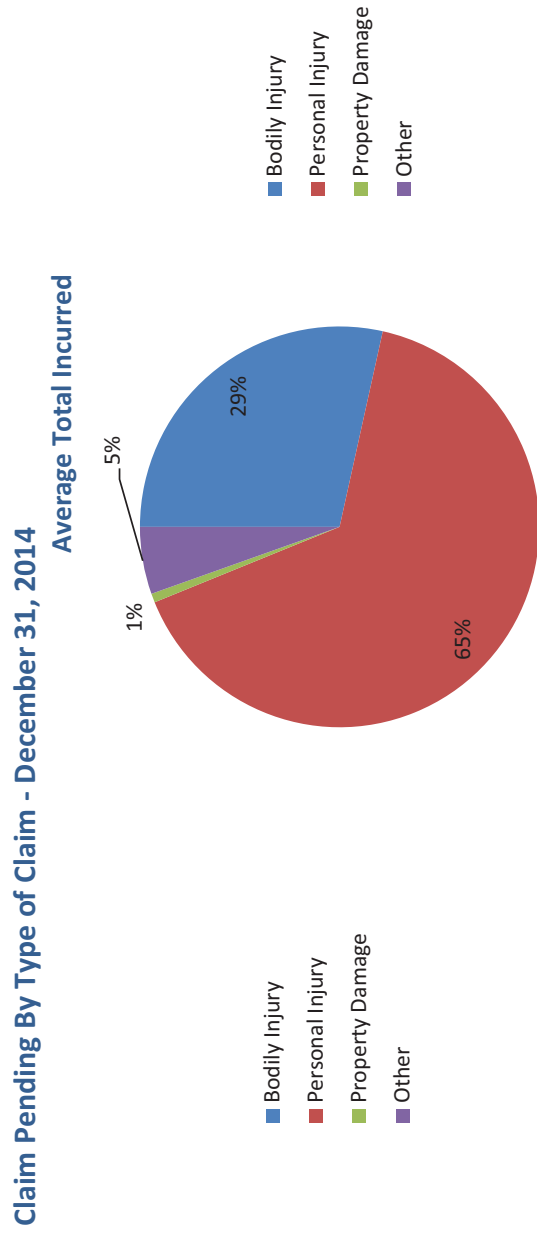


Figure II-3



We find:

- New claims are set up within 24 hours of receipt;
- Data is entered accurately; and
- Productivity is acceptable with claim closures slightly outpacing claim intake.

We assess claims intake performance as superior.

2. Investigation

93%

Best practices require:

- Completing investigation within 15 days of claim receipt or documenting efforts to do so;
- Documenting an action plan to complete items outstanding after 30 days;
- Developing evidence such as statements, police reports, and photographs to preserve evidence and support liability and damage decisions;
- Reporting bodily injury claims through the Insurance Services Office (ISO) *ClaimSearch*[®] system to identify prior injuries and claims history;
- Obtaining medical authorizations on bodily injury claims;
- Using a process to identify suspicious claims and target them for closer examination;
- Documenting analysis of the extent of the member's negligence and comparative negligence of the parties; and
- Documenting the initial liability assessment within 15 days of receipt of the claim and re-assessing liability upon receipt of new information.

A properly conducted investigation ensures an accurate understanding of the facts to determine liability. Prompt liability determination can eliminate the need to litigate and, if litigation does occur, allow more focused discovery.

The SRM Guidelines support best practices by:

- Requiring claim staff to obtain "all available information" from the campus coordinator;
- Following up for outstanding investigation and evidence using the iVOS electronic diary feature; and

- Subscribing to ISO *ClaimSearch*[®] and requiring indexing of bodily injury and personal injury claims.

SRM is usually able to make a prompt, accurate determination of liability without the benefit of a dedicated investigative staff. Campus Risk Managers are cooperative and usually able to provide necessary information.

We find:

- Contacts with campus risk staff are timely, usually by telephone or e-mail concurrent with claim setup;
- Claimant contact, if unrepresented, is usually made by the campus, although SRM will assist if necessary;
- The *iVOS*[®] notepad usually documents the adjuster's analysis of negligence;
- Follow up for additional information and evidence is required in some cases, but SRM is usually able to work effectively with the campus to reach a prompt liability determination, after which a joint decision is made on who will lead the settlement activities or SRM will send a denial letter;
- Medical and wage authorizations are not usually requested initially from claimants who allege bodily injury; however, SRM will request them when they feel it is appropriate, or obtain them through subpoena if the case is litigated; and
- Claims are not routinely indexed through ISO *ClaimSearch*[®]. Less than half (47%) of the bodily injury claims in the audit sample had documentation of indexing.

The purpose of obtaining medical and wage authorizations is to verify the legitimacy of treatment and develop information on prior injuries. SRM believes the subject is sensitive to claimants and would prefer postponing until necessary. This practice is acceptable, as long as the medical records are obtained to verify inconsistencies prior to settlement. However, requesting authorizations at the initial encounter has no down side and could be helpful in accelerating a settlement.

We assess claims investigation performance as commendable. To improve performance to superior, we recommend SRM:

- **Follow-up with the campus at 30-day intervals until investigation requested is completed;**
- **Complete a bodily injury index report for each qualifying claim through ISO *ClaimSearch*[®], as required by industry best practices and CSU Guidelines to:**
 - **Develop information on the claimant's prior injuries; and**
 - **Provide data necessary for ISO to query the Centers for Medicare & Medicaid Services (CMS) regarding Medicare eligibility.**

- **Consider requesting medical and wage authorizations during the initial encounter with the claimant or attorney when bodily injury is alleged.**

3. *Plan of Action/Documentation*

99%

Best practices require the administrator document action plans and initiate activities to resolve the claim. Claim action plans and activity should be entered into the claim file notes at least monthly, with an emphasis on moving the claim toward resolution. Supervisory intervention is necessary to ensure timely disposition.

SRM requires the claim notepad to reflect the current status of the claim based on review of information from the claimant, campus, investigation and OGC. Litigated claims are managed by OGC while SRM reviews its *ProLaw*® system and summarizes activity in the iVOS notepad.

We find:

- Action plans are reflected in the notepad;
- SRM staff frequently checks OGC's *ProLaw*® file to determine the status of litigation and summarizes significant events in the iVOS notepad;
- When *ProLaw*® does not provide current activity, SRM follows up with the OGC attorney responsible for overseeing the case. The response varies among attorneys, and sometimes requires additional follow-up by SRM staff; and
- Claim notes are professional clearly identify the party documenting the claim.

We assess diary and action plan performance as superior.

4. *Reserve Management*

98%

Best practices require:

- Setting initial reserves within five days of claim receipt;
- Reevaluating reserves at least bi-annually for adequacy based upon the liability and damages information reflected in the investigation and discovery;
- Documenting reserve calculations using Most Probable Outcome (MPO) considering the probable adverse outcome and the probability for a favorable outcome is as follows:
 - 75% or greater chance for favorable outcome, reserve for favorable outcome plus 25% of probable adverse outcome;

- 51% to 75% chance for favorable outcome, reserve for favorable outcome plus 50% of probable adverse outcome; and
- 50% or less chance for favorable outcome, reserve for 100% of probable adverse outcome.

SRM's Guidelines address evaluating reserves, but does not specify time frames for setting and reviewing reserves.

We find:

- Notepad documentation and the *iVOS*[®] reserve section demonstrate frequent reserve review;
- Initial reserves are set timely, usually on the date the claim is received, and 96% within two business days;
- Initial reserves are usually set by the Examiner, with the Director providing oversight and guidance when necessary;
- Although SRM does not set time frames for review, claim files reflect consistent evaluation of reserves;
- Reserve rationale is usually documented in the *iVOS*[®] reserve screen; however, in some cases the explanation exceeds the allowable character count, causing truncation of the explanation;
- Indemnity and expense reserves are evaluated separately; SRM uses two indemnity fields representing Bodily Injury/Property Damage and Other Indemnity. Other Indemnity represents Personal Injury claims where no physical injury is involved. SRM uses one expense field to record legal fees, costs associated with defense, and other expenses;
- With one exception, claims are closed and reserves removed within 30 days of the final payment;
- Reserves are accurate. We agree with all reserves and recommend no changes to the \$2,470,978 in the audit sample reflected in Appendix A; and
- While reserves are accurate, SRM has occasional difficulty acquiring information, which impairs the ability to accurately assess the University's exposure.

We assess reserve management performance as superior. We discuss recommendations to address the exchange of information in Section 6, "Communication."

5. Statutory Compliance

97%

Best practices require compliance with:

- Any state Fair Claims Practices Act; and
- Other federal or state laws relating to handling and payment of claims.

As a public entity, CSURMA is exempt from the requirements of the California Fair Claims Practices Act included in the California Insurance Code. Nevertheless, SRM treats claimants fairly and works diligently with the campuses to accept or settle claims within the 45 days provided by the California Government Code.

Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) established mandatory reporting requirements for liability insurance (including self-insurance), no-fault insurance, and workers' compensation. This act requires claims administrators to identify a Medicare beneficiary (whose injury or accident might result in a settlement) to enable appropriate determination concerning coordination of benefits, including any Medicare recovery entitlement.

The Centers for Medicare & Medicaid Services (CMS) is responsible for implementing the MMSEA.

Beginning January 1, 2012, Responsible Reporting Entities (RREs) were to begin reporting Total Payment Obligation to Claimant (TPOC) settlements, judgments, awards, or other payments over \$100,000. This threshold diminishes throughout the year. The complete reporting threshold dates are as follows.

Amount	TPOC Date on or after	Reporting Required*
\$100,000	October 1, 2011	January 1, 2012
\$50,000	April 1, 2012	July 1, 2012
\$25,000	July 1, 2012	October 1, 2012
\$5,000	October 1, 2012	January 1, 2012
\$2,000	October 1, 2013	January 1, 2014
\$300	October 1, 2014	January 1, 2015

*Within the quarter beginning on this date.

Note the minimum reporting threshold is now \$300.

Because CSURMA funds its self-insured retention, CSURMA is the RRE under MMSEA. CSURMA contracts with ISO to identify and report appropriate claims. ISO provides CSURMA with a listing of claims identifying Medicare recipients.

There are two issues with this process:

- CMS query to determine Medicare eligibility is dependent on filing the ISO *ClaimSearch*[®] Index, complete with information required by CMS to search the database¹. The claim file is not documented when the query is submitted, only when a positive eligibility determination is made; and
- Since claims are not verified as “not-eligible,” the claim file does not document whether most claims have been queried. If an index is filed without the required information, ISO can notify its subscriber. But if an index is not filed, the claim is not queried. As noted previously, less than half of the qualifying claims reflected documentation of indexing.

We assess statutory compliance performance as superior. However, we recommend SRM work with ISO to develop a mechanism to document claim files with query results regardless of eligibility status. Regardless, we recommend SRM require the Examiner to use the data provided by ISO to:

- **Verify a successful query was submitted to CMS on each claim alleging bodily injury;**
- **Document the file with Medicare status and notify OGC if the claim is in litigation and the claimant is Medicare-eligible; and**
- **Periodically review to verify all appropriate claims have been queried.**

6. Communication

96%

Best practices require:

- Prompt response to internal communications; and
- Prompt response to external correspondence or communication.

Internal communication takes place between SRM and campus representative and OGC. Communication with the public is coordinated between the campus and SRM.

Communication between OGC and SRM is important to ensure SRM is effective in accurately evaluating case reserves. SRM must also determine if the case requires reporting to the excess carrier to ensure CSURMA does not incur a penalty for late reporting.

We find:

- Most claim files reflect good communication among SRM, OGC, and campus representatives. However, we note three exceptions where no information was provided until settlement checks were requested; and

¹Required information includes the claimant’s full legal name, last five digits of social security number, date of birth, and residence address (or address of legal representative)

- Campus representative interviews confirm effective communication between the campus and SRM.

We assess communication as superior. However, we recommend SRM and OGC agree on a plan to:

- **Develop increasing communication between SRM and OGC staff to promote timely reserving updates by:**
 - Requesting OGC revise its assignment letter to the AG and outside counsel, adding a requirement to provide an initial analysis within 30 – 45 days of assignment;
 - Providing the OGC Litigation Team Leader a copy of SRM’s third request (within 60 days) to the OGC attorney supervising the litigation; and
 - Requiring the AG and outside counsel to copy SRM on reports detailing litigation status or settlement evaluation.

7. Claims Management Information System (CMIS)

88%

Best practices require:

- CMIS support of claims handling efficiency, including:
 - CMIS fields adequate to collect data required to handle claims; and
 - Use of CMIS fields to collect data timely and accurately.
- CMIS support of loss experience reports (LERs), including:
 - Support for provision of LERs to members and loss control personnel; and
 - Support for provision of EDI per regulatory requirements.

SRM meets best practices by requiring:

- Entry of each claim related to an event separately in the CMIS; and
- CMIS updates to be completed by the SRM staff.

SRM provides step-by-step instructions for most data entry procedures in its Manual.

We find:

- Data captured is accurate and usually updated when necessary, with the exception of completion of the *iVOS*[®] Litigation screen;

- The Litigation screen is rarely completed although SRM Manual requires completing and updating;
- iVOS contains sufficient fields to allow meaningful reports;
- SRM is fortunate to have a staff member highly skilled in developing iVOS[®] reports, promoting service to members by eliminating vendor involvement and associated wait time; and
- Claim financial data reviewed in the sample agreed with the loss run data and notepad entry was timely.

We assess performance for CMIS as acceptable. We recommend SRM increase supervision to monitor completion of the iVOS[®] Litigation screen according to the CSU Manual.

8. Claim Disposition and Payment

90%

Industry best practices require documentation of:

- Evaluation of damages within 30 days of receipt;
- Verification of bodily injury claims by medical bills and reports;
- Extent of property damage by itemized building scope, appraisal, and pricing verification;
- Damage offsets such as prior damage, injury, or depreciation;
- Authorization requests and approvals;
- Offers and demands;
- Releases executed prior to settlement check issuance;
- Protection of Medicare's interest when there is a secondary payer obligation in accordance with the MMSEA; and
- Timely, accurate, and supported payments.

Payments are not issued by SRM, but are requested through the CSURMA Accounting Department.

The University Board of Trustees delegates settlement authority to its General Counsel "in consultation with the Chancellor and/or appropriate campus Presidents, settlement, termination, or other resolution of all claims and litigation."²

² STANDING ORDERS OF THE BOARD OF TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY (Adopted March 15, 2006)

General Counsel has established settlement authority as follows:

- Campus Risk Managers, in consultation with OGC, have settlement authority within the campus deductible up to \$100,000;
- Settlements exceeding the campus deductible, but under \$100,000 require concurrence of the campus Risk Manager, campus counsel, and SRM; and
- Settlements exceeding \$100,000 require approval by a Settlement Committee consisting of General Counsel, campus counsel, an OGC litigator, and the Deputy Vice Chancellor of Risk Management. The Settlement Committee makes its recommendation to the Chancellor.

CSURMA Policies and Procedures delegate funds as above and require written approval from appropriate University personnel for amounts exceeding \$100,000. CSURMA also maintains a list of individuals in the Chancellor's Office and on the campuses who have authority to settle claims.

In actual practice, SRM is involved in settlement of most non-litigated claims, by:

- Completing initial investigations and making a recommendation to the campus to accept, compromise, or reject the claim;
- Gathering damage information, verifying damages, developing mitigating factors, and assessing the claim's value by applying the appropriate determination of liability;
- Discussing a settlement recommendation and gaining agreement on value;
- Determining who will negotiate the settlement; and
- Negotiating with the claimant and obtaining signed releases prior to issuing checks.

Most campus Risk Managers rely on SRM to bring the claim to conclusion within the agreed value.

Responsibility for litigated claims is retained by the OGC. This includes assignment of defense counsel, development of strategy, and resolution. While SRM is responsible for documenting payments issued through CSURMA, information requested and provided on litigated claims is sometimes insufficient to support the settlement rationale and payment. Such information includes an explanation of the settlement, a copy of the signed release, and documentation of the settlement authority process. SRM attempts to acquire this detail by:

- Requesting it from the OGC attorney assigned responsibility for the case; and
- Checking *ProLaw*[®] frequently to determine the case status and discovery.

While SRM and OGC work effectively as a team in most situations, on some occasions SRM is simply unable to obtain required supporting data.

We find:

- Claim evaluation is consistently completed within 30 days of receipt of damage information, with no exceptions;
- Releases are usually obtained prior to check issuance; we note one exception in 13 qualifying claims in the sample;
- Payments are not issued by SRM, but requested through the CSURMA Accounting Department;
- Medicare secondary payer status and determination of Medicare conditional payments are not documented in the claim file;
- Documentation of settlement rationale to support the payment is a challenge for SRM with some litigated claims;
- The University has not designated a single repository to retain documentation supporting settlements and their rationale.

We assess claims disposition performance as acceptable. We recommend SRM, OGC, and Campus Risk Managers work together to:

- **Update CSU Guidelines to comply with CSURMA’s Policies and Procedures by requiring documentation of settlement authority, including:**
 - **Explanation of rationale for the settlement;**
 - **Signed release and settlement of claim; and**
- **Designate a single repository for settlement and payment documentation of claims and litigation involving payment of CSURMA JPA funds.**

9. *Litigation/Recovery Management*

100%

Since Litigation Management is the responsibility of OGC, we limit discussion here to Recovery Management.

Best practices for recovery management require:

- Prompt identification of and contact with responsible parties;
- Prompt identification of contracts to potentially shift liability to a third party;
- Appropriate follow up with responsible parties to effect recovery;

- Assessment of costs and methods to effect recovery should the responsible party decline payment; and
- Protection of the statute of limitations when the decision is made to use legal assistance to obtain payment.

One claim in the audit sample involved potential recovery and it was properly handled.

We assess recovery management as superior.

Appendix A

Claims Audit List

Appendix B

Component, Subcomponent, and Criteria Scores with Exceptions

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
01 Claims Intake							
1	Claim Reporting	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
1.01	Does member report claim timely?	41	3	1	41	44	93%
1.02	Does the initial report have sufficient information for the adjuster to initiate contacts and investigation?	37	0	8	37	37	100%
1.03	Does the initial report reflect the member's familiarity with CSURMA claim reporting procedures?	35	0	10	35	35	100%
Subcomponent Total		113	3	19	113	116	97%
2	Claim Set Up	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
1.04	Is claim set up within 24 business hours of receipt?	44	0	1	44	44	100%
1.05	Are claim facts reviewed immediately to verify facts conform with coverage provided?	42	0	3	42	42	100%
1.06	Is claim data entry accurate?	45	0	0	45	45	100%
Subcomponent Total		131	0	4	131	131	100%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
01 Claims Intake (85% target)		244	3	23	244	247	99%

Exceptions: 01 Claims Intake
Questions with "No" response

	CLAIM	QUESTION
1.	2014-002756	1.01
2.	2013-002674	1.01
3.	2013-002566	1.01

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
02 Investigation							
1	Contacts	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
2.01	Contacts with required parties initiated within 24 hours of receipt of claim?	24	0	21	24	24	100%
2.02	Is contact with parties sufficient to obtain required information?	34	0	11	34	34	100%
Subcomponent Total		58	0	32	58	58	100%
2	Obtaining and Preserving Evidence	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
2.03	Investigation is substantially completed within 15 days of assignment, or the claim is documented with efforts to do so.	35	0	10	35	35	100%
2.04	If the investigation is not complete within 30 days, there is an action plan to complete outstanding items?	7	0	38	7	7	100%
2.05	Investigation includes statements, police reports, photographs appropriate to support liability and damage decisions?	11	2	32	11	13	85%
2.06	If bodily injury is involved, are authorizations obtained?	1	0	44	1	1	100%
Subcomponent Total		54	2	124	54	56	96%
3	Mitigation	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
2.07	If bodily injury is involved, the claim is reported to the index system?	7	8	30	7	15	47%
2.08	When fraud is suspected, additional investigation is pursued, together with reporting to authorities, if appropriate?	0	0	45	0	0	N/A
2.09	Did the adjuster perform a documented analysis of the extent of the member's negligence, including, if applicable, comparative negligence of the parties?	22	0	23	22	22	100%
Subcomponent Total		29	8	98	29	37	78%
Category Total: 02 Investigation (85% target)		141	10	254	141	151	93%

Exceptions: 02 Investigation
Questions with "No" response

	CLAIM	QUESTION
1.	2012-002409	2.07
2.	2013-002561	2.07
3.	2010-002319	2.07
4.	2011-002306	2.07

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions	Number of Responses	Weighted	Score
02 Investigation			
	5. 2013-002617	2.05	
	6. 2011-002281	2.07	
	7. 2013-002615	2.05	
	8. 2013-002613	2.07	
	9. 2013-002637	2.07	
	10. 2013-002566	2.07	

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
03 Plan of Action/Documentation							
1 Timeliness		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
3.01	Is an action plan documented and updated as necessary?	41	0	4	41	41	100%
3.02	Does the file reflect appropriate activities initiated to resolve the claim?	34	0	11	34	34	100%
Subcomponent Total		75	0	15	75	75	100%
2 Frequency of Updates		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
3.03	Time frames and follow-up dates documented?	42	0	3	42	42	100%
3.04	Diary frequency supported by case facts, but no longer than 60 days?	32	2	11	32	34	94%
3.05	Diary review is documented with date, adjuster name, and action taken?	40	0	5	40	40	100%
Subcomponent Total		114	2	19	114	116	98%
3 Quality of Documentation		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
3.06	File contents braided in chronological order?	1	0	44	1	1	100%
3.07	Separate folders to house claimant-specific information maintained?	0	0	45	0	0	N/A
3.08	File material receipt recorded by date stamp or other means?	34	1	10	34	35	97%
3.09	File documents communication among adjuster, claimant and defense counsel.	26	0	19	26	26	100%
3.10	Adjuster documentation is clear and professional.	42	0	3	42	42	100%
Subcomponent Total		103	1	121	103	104	99%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
03 Plan of Action/Documentation (85% target)		292	3	155	292	295	99%

Exceptions: 03 Plan of Action/Documentation
Questions with "No" response

	CLAIM	QUESTION
1.	2013-002702	3.08
2.	2013-002615	3.04
3.	2013-002637	3.04

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
04 Reserve Management							
1	Procedures	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
4.01	Initial reserve is established within 2 business days of receipt of claim?	43	2	0	43	45	96%
4.02	Reserve adjustments are made within 30 days of receipt of information supporting a material change in developments?	22	0	23	22	22	100%
4.03	File contains documentation of reserve review at regular intervals, no greater than 120 days?	13	1	31	13	14	93%
4.04	Initial reserve and subsequent changes are supported by case facts?	38	0	7	38	38	100%
4.05	Reserves are evaluated by component, i.e., indemnity and expense?	44	0	1	44	44	100%
4.06	Reserve rationale is documented by worksheet, claim notes, report or other acceptable means.	25	2	18	25	27	93%
Subcomponent Total		185	5	80	185	190	97%
2	Evaluation and Accuracy	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
4.07	Indemnity reserve is accurate?	26	0	19	26	26	100%
4.08	Expense reserve is accurate?	20	0	25	20	20	100%
4.09	Reserve is closed within 30 days of final payment?	19	0	26	19	19	100%
Subcomponent Total		65	0	70	65	65	100%
Category Total: 04 Reserve Management (85% target)		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
		250	5	150	250	255	98%

Exceptions: 04 Reserve Management
Questions with "No" response

	CLAIM	QUESTION
1.	2012-002480	4.01
2.	2013-002617	4.06
3.	2011-002415	4.01
4.	2013-002682	4.06
5.	2013-002583	4.03

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
05 Statutory Compliance							
1	Compliance	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
5.01	Claim reflects compliance with state laws and regulations.	43	0	2	43	43	100%
5.02	Claim is flagged for required Medicare reporting?	0	2	43	0	2	0%
5.03	Does the adjuster require the claimant to comply with government code requirements?	24	0	21	24	24	100%
5.04	Is there analysis of potential immunity defense (s)?	1	0	44	1	1	100%
Subcomponent Total		68	2	110	68	70	97%
Category Total: 05 Statutory Compliance (85% target)		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
		68	2	110	68	70	97%

Exceptions: 05 Statutory Compliance
Questions with "No" response

	CLAIM	QUESTION
1.	2013-002617	5.02
2.	2011-002281	5.02

06 Communication							
1	Communication	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
6.01	Prompt response to internal communications?	40	0	5	40	40	100%
6.02	Response to correspondence requiring a response within 5 business days?	17	0	28	17	17	100%
6.03	Claim reflects updates between Risk Management and General Counsel?	18	3	24	18	21	86%
Subcomponent Total		75	3	57	75	78	96%
Category Total: 06 Communication (85% target)		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
		75	3	57	75	78	96%

Exceptions: 06 Communication
Questions with "No" response

	CLAIM	QUESTION
1.	2012-002480	6.03
2.	2011-002306	6.03
3.	2014-002756	6.03

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
07 Claim Information System							
1	Data Integrity	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
7.01	Claim entry contains accurate information.	45	0	0	45	45	100%
7.02	Claim data is updated with new information.	22	19	4	22	41	54%
7.03	Claim system includes sufficient fields to provide meaningful loss information reports.	44	0	1	44	44	100%
7.04	Claim data is accurately reflected in loss run data.	43	0	2	43	43	100%
Subcomponent Total		154	19	7	154	173	89%
2	Medicare Reporting	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
7.05	Claim contains entries for fields required for Medicare reporting under MMSEA (Legal Name, DOB, Gender, SSN)?	7	4	34	7	11	64%
Subcomponent Total		7	4	34	7	11	64%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
07 Claim Information System (85% target)		161	23	41	161	184	88%

Exceptions: 07 Claim Information System
Questions with "No" response

	CLAIM	QUESTION
1.	2013-002617	7.02
2.	2013-002613	7.02
3.	2011-002364	7.02
4.	2013-002615	7.02
5.	2013-002631	7.02
6.	2013-002666	7.02
7.	2013-002637	7.02
8.	2012-002551	7.02
9.	2013-002583	7.02
10.	2011-002281	7.02
11.	2014-002693	7.02
12.	2013-002708	7.02
13.	2012-002480	7.02
14.	2010-002319	7.02
15.	2011-002306	7.05
16.	2010-002294	7.02
17.	2013-002622	7.02
18.	2012-002434	7.02
19.	2013-002617	7.05
20.	2012-002484	7.02
21.	2013-002660	7.02

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions	Number of Responses	Weighted	Score
07 Claim Information System			
	22. 2012-002484	7.05	
	23. 2011-002281	7.05	

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
08 Claim Disposition and Payment							
1 Evaluation and Documentation		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
8.01	Was the damage evaluation performed within 30 days of receipt of damages information?	8	0	37	8	8	100%
8.02	If injury/disability was considered questionable, was an activity check performed or an independent medical examination considered?	0	0	45	0	0	N/A
8.03	Does the adjuster establish a value range and a negotiating plan prior to initiating negotiations?	4	0	41	4	4	100%
8.04	Is the evaluation properly documented?	10	5	30	10	15	67%
8.05	If wage loss was involved, did the adjuster verify with the employer?	0	0	45	0	0	N/A
8.06	If property damage, was it verified by appraisal/photographs or adjuster verification of contractor's scope and pricing?	0	0	45	0	0	N/A
8.07	Were any applicable damage offsets assessed and applied?	1	0	44	1	1	100%
8.08	Are negotiations documented, stating each settlement offer and demand?	5	3	37	5	8	63%
8.09	Is a release executed prior to issuing a settlement check?	12	1	32	12	13	92%
8.10	Does file contain adequate documentation that Medicare interests have been protected pursuant to MMSEA?	0	1	44	0	1	0%
Subcomponent Total		40	10	400	40	50	80%
2 Authority		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
8.11	Is settlement authority requested within 10 days of completing the evaluation?	1	0	44	1	1	100%
8.12	Does the authority request clearly outline issues relevant to the claim to allow an informed decision?	5	0	40	5	5	100%
8.13	Is settlement authority documented in the claim file?	9	1	35	9	10	90%
Subcomponent Total		15	1	119	15	16	94%
3 Payments		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
8.14	Payment is issued timely.	31	1	13	31	32	97%
8.15	Are payment requests supported by documentation?	31	2	12	31	33	94%
8.16	Payment is issued accurately.	31	2	12	31	33	94%
Subcomponent Total		93	5	37	93	98	95%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
08 Claim Disposition and Payment (85% target)		148	16	556	148	164	90%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions	Number of Responses	Weighted	Score
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08 Claim Disposition and Payment

Exceptions: 08 Claim Disposition and Payment
Questions with "No" response

	CLAIM	QUESTION
1.	2012-002484	8.15
2.	2013-002674	8.04
3.	2014-002756	8.04
4.	2013-002566	8.08
5.	2013-002566	8.15
6.	2014-002756	8.08
7.	2013-002566	8.04
8.	2012-002484	8.14
9.	2011-002306	8.13
10.	2012-002484	8.16
11.	2013-002660	8.16
12.	2012-002480	8.04
13.	2011-002306	8.08
14.	2011-002306	8.09
15.	2011-002306	8.10
16.	2011-002306	8.04

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
09 Litigation/Recovery Management							
1	Litigation Management	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
9.01	Is the suit referred to a panel law firm within 5 days of notice?	0	0	45	0	0	N/A
9.02	Does assignment include an engagement letter providing counsel with litigation guidelines?	0	0	45	0	0	N/A
9.03	Does counsel work with adjuster to develop a litigation strategy?	0	0	45	0	0	N/A
9.04	Does counsel provide a preliminary evaluation within 30 days of assignment?	0	0	45	0	0	N/A
9.05	Does counsel provide a litigation budget within 30 - 45 days of assignment?	0	0	45	0	0	N/A
9.06	Is counsel's analysis thorough, providing a fact summary and analysis of liability and governing statutes?	0	0	45	0	0	N/A
9.07	Is counsel's subsequent reporting timely, within client guidelines?	0	0	45	0	0	N/A
9.08	Is alternative dispute resolution considered, if appropriate?	0	0	45	0	0	N/A
9.09	Do legal billings comply with litigation management guidelines?	0	0	45	0	0	N/A
Subcomponent Total		0	0	405	0	0	N/A
2	Recovery Management	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
9.10	Was responsible third party contacted within 10 days of knowledge or was there an attempt to identify potentially responsible parties?	1	0	44	1	1	100%
9.11	Is there an investigation to determine the existence of contracts that would shift liability to another party?	1	0	44	1	1	100%
9.12	If another responsible party is identified, is there appropriate follow-up contact until a response is obtained?	1	0	44	1	1	100%
9.13	Was the responsible party notified in writing?	1	0	44	1	1	100%
9.14	In the event the responsible party declines payment or ignores requests for payment, is there a decision made on whether or not to pursue subrogation after completing a cost-benefit analysis?	0	0	45	0	0	N/A
Subcomponent Total		4	0	221	4	4	100%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
09 Litigation/Recovery Management (85% target)		4	0	626	4	4	100%

Exceptions: 09 Litigation/Recovery Management
Questions with "No" response

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions	Number of Responses			Weighted		Score
Overall (85% target)	1,383	65	1,972	1,383	1,448	96%



2015 General Liability and Errors and Omissions Claim Audit

California State University Auxiliary
Organizations Risk Management Alliance

March 19, 2015



March 19, 2015

Mr. Robert Leong
Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111

RE: **California State University Auxiliary Organizations Risk Management Alliance
2015 General Liability and Errors and Omissions Claims Audit**

Dear Mr. Leong:

Please find enclosed the findings and recommendations of our claims audit on behalf of the California State University Auxiliary Organizations Risk Management Alliance (AORMA). Carl Warren and Company (CW), AORMA's third party administrator (TPA), is contracted to manage its public liability and errors and omissions claims. Our audit examines CW's claims handling practices.

We present an overview of our findings in Chapter I and discuss our findings in Chapter II. We look forward to discussing this report.

Bickmore appreciates the opportunity to provide claims audit services and the assistance received from Alliant Insurance Services, Inc. and CW.

We stand ready to answer any questions. Please feel free to contact me at:

Bickmore
1100 Town & Country Road, Suite 1550
Orange, California 92668
Phone: (714) 426-8507
E-mail: demitchell@bickmore.net

It has been a pleasure to provide services for this important project.

Respectfully submitted,

Dennis Mitchell, CPCU, SCLA, ARM
Senior Claims Consultant

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Appendices

- A - Claims Audit List
- B - Component, Subcomponent, and Criteria Scores with Exceptions
- C - CSURMA Claims Adjusting Process – Carl Warren and Company
- D - Defense Counsel Assignment Letter
- E - Defense Counsel Suspension Letter

I. Executive Summary

The California State University Auxiliary Organizations Risk Management Alliance (AORMA) represents a group of programs under the California State University Risk Management Authority (CSURMA). CSURMA is a Joint Powers Authority established in 1997 to perform pooled group insurance and risk management-related activities for the California State University (University) system and its 23 campuses.

AORMA is comprised of 88 independent non-profit organizations serving the needs of the University. These separate legal entities include student unions, research foundations, student housing, bookstores, etc. While associated with the University, they are not public entities. Thus, they are not entitled to the protections afforded to public entities by the California Government Code.

CSURMA provides \$350,000 pooled liability coverage to AORMA with member deductibles of \$25,000 to \$100,000 applying only to employment practices liability. Reinsurance above the \$350,000 primary layer is provided by General Re up to \$5,000,000, above which excess insurance is provided by Ironshore Specialty Insurance Company.

AORMA's liability claims are administered by Carl Warren and Company (CW), a third party administrator (TPA), located in Ventura, California.

The purpose of this audit is to:

- Verify CW's claims administration practices meet industry best practices, comply with state law, the claims administration contract, and its internal procedures;
- Evaluate adjuster experience, competence, and staffing levels; and
- Identify opportunities for program improvement and make recommendations to ensure improvement.

To assist AORMA in assessing the effectiveness of CW's claims administration, Bickmore:

- Reviewed the claims administration contract;
- Interviewed CW claims administration staff;
- Interviewed selected members of the AORMA Committee;
- Reviewed selected AORMA Policies and Procedures (P & P) relating to the administration of claims, member coverage, and litigation;
- Reviewed CW's "CSURMA Claims Adjusting Process" document (Appendix C) outlining claims administration procedures;
- Reviewed open and closed claims data and selected the sample of 45 liability claims shown in Appendix A;

- Reviewed the sample claims onsite at CW's Ventura, California office from January 27 through January 29, 2015, to determine whether CW claims administration meets industry best practices. Our review included the physical claim files and copies of notes and financials provided by CW. We were not provided access to CW's proprietary claim system; however, the information provided was sufficient for our assessment;
- Provided daily feedback communicating our findings to CW during the onsite audit; and
- Provided our daily findings to CW to validate results. We discussed the findings onsite, concluding discussions by telephone and e-mail through February 13, 2015.

We were provided with a five-year history of open and closed claims as of January 6, 2015. Our analysis of the data reflected 74 open pending claims and we randomly selected 38 open and seven closed claims for review. Thirteen claims (34%) of the sample are litigated, compared to the overall pending litigation rate of 18% of the open claims.

For the three years ending December 31, 2014, annual claim intake averages 59 with 56 closures, for a 94% closing ratio. Maintaining a closing ratio of 100% or better promotes control of pending claims and usually stabilizes staffing requirements. General liability claims comprise 78% of the new claim intake and 80% of the open pending claims, with about 25% of those claims relate to employment practices or other personal injury. Exhibit I-3 graphically illustrates these statistics.

The AORMA team is led by a Client Relationship Manager in the Ventura office who is backed up by a senior CW colleague in San Bernardino and a second adjuster in Ventura. Except for initial claim recording, no administrative support is provided. Along with caseload responsibilities, claim staff is challenged to maintain organized claim files.

We find overall performance at 97%, indicating a **Superior** performance level, as shown in Table I-1.

We find:

- CW complies with the contract, industry best practices, and its internal procedures;
- Eight of the nine components measured scored superior, with one component scoring acceptable;
- Claims are reported and assigned promptly;
- CW provides prompt and thorough investigations;
- File documentation scores superior overall, but claims with voluminous materials or multiple claimants tend to become disorganized;
- Date stamping is inconsistent, hampering the ability to measure service timeliness;
- With one exception, initial reserves are set timely, usually within 24 hours of receipt of the claim;

- Reserves are reviewed frequently and represent an accurate estimate of AORMA's exposure; and
- Litigation management results reflect delays in initial and subsequent reporting and budget submissions by defense counsel. CW attempts to bring counsel into compliance with AORMA's reporting guidelines, but counsel is not responsive at times.

To arrive at our findings, we compared performance in the nine claims handling component areas for each claim shown in Appendix A against industry standards, state law, AORMA's requirements, and CW's guidelines. Results are shown in Exhibit I-1 "Scoring by Component with Financials," and graphically in Exhibit I-2.

By scoring each component using the performance evaluation criteria shown in Table I-2 and dividing the 'Yes' findings by possible findings ('yes' plus 'no' findings), we determine the compliance percentage shown in Exhibit I-1. Using the scale shown in Table I-1, we assess performance setting an acceptable target at 85%, considering the compliance percentage for each component by claim and across all claims.

**Table I-1
 Performance Evaluation Scale**

Performance	Compliance Percentage
Superior	96% - 100%
Commendable	91% - 95%
Acceptable	85% - 90%
Requires Improvement	Below 85%

**Table I-2
 Performance Evaluation Criteria**

Evaluation	Grading Criteria
Yes	Complete compliance with industry standards, contract, and internal procedures. File reflects active steps are taken to resolve claim.
No	Lack of compliance with industry standards, contract and internal procedures. Evidence of substandard claims handling, creating exposure to penalties, or disbursement of undue benefits.
Not Applicable	The claim does not present a need for claims handling in the component area.

We make recommendations to enhance performance for component results below Superior, or when subcomponents or criteria are scored below Acceptable.

To improve performance we recommend implementing the enhancements discussed in Table I-3.

**Table I-3
 Performance Enhancement Recommendations Summary**

Performance Component	Performance Enhancement Recommendations
Caseloads	<ul style="list-style-type: none"> • We recommend AORMA monitor adjuster caseloads to ensure continuation of superior performance.
Investigation	<ul style="list-style-type: none"> • Update Client Guidelines to require the adjuster to obtain medical and wage authorizations during the initial encounter with the claimant or attorney.
Plan of Action/ Documentation	<ul style="list-style-type: none"> • Take steps to improve claim file housekeeping, including requirements for: <ul style="list-style-type: none"> – Date stamping mail delivered to the office prior to distribution to the adjuster; – Filing documents daily to maintain chronological order; and – Using separate folders to house claimant-specific documentation when there are three or more claimants.
Statutory Compliance	<ul style="list-style-type: none"> • Engage ISO to develop a mechanism to document claim files with query results regardless of eligibility status.
Litigation/Recovery Management	<ul style="list-style-type: none"> • Suspend payments to defense counsel until the signed engagement letter, initial case analysis and case budget are submitted; • Send a suspension notice letter to counsel if compliance is not met within the required time frame, but no later than 45 days from assignment; and • Monitor costs against the approved legal budget and notify counsel to prepare a revised budget when costs exceed 85% of the budget. <ul style="list-style-type: none"> – Return of the signed engagement letter agreeing to AORMA's guidelines.

In Section II, we present our findings in detail with a discussion of industry standards and our recommendations. We recommend our report be read in its entirety.

Exhibit I-1

Scoring by Component with Financials

Claims Reviews Completed:	45	Actual Reserve:	\$3,491,647
Incurred:	\$5,843,543	Recommended Reserve:	\$3,491,647
Paid:	\$2,351,896	Net Reserve Change:	\$0

Claims Administration Component	Claims Graded	Number of Responses for Component			Compliance Percentage
		Yes	No	NA	
01 Claims Intake	45	264	3	3	99%
02 Investigation	44	185	2	218	99%
03 Plan of Action/Documentation	45	300	14	136	96%
04 Reserve Management	45	273	6	126	98%
05 Statutory Compliance	45	47	1	132	98%
06 Communication	44	66	1	68	99%
07 Claim Management Information System	45	220	2	3	99%
08 Claim Disposition and Payment	11	62	0	658	100%
09 Litigation/Recovery Management	23	106	15	509	88%
Overall Claims Administration	45	1,523	44	1,853	97%

Appendix B summarizes the “Yes/No” responses and identifies each exception by claim.

Exhibit I-2

Scoring by Component Summary Graph

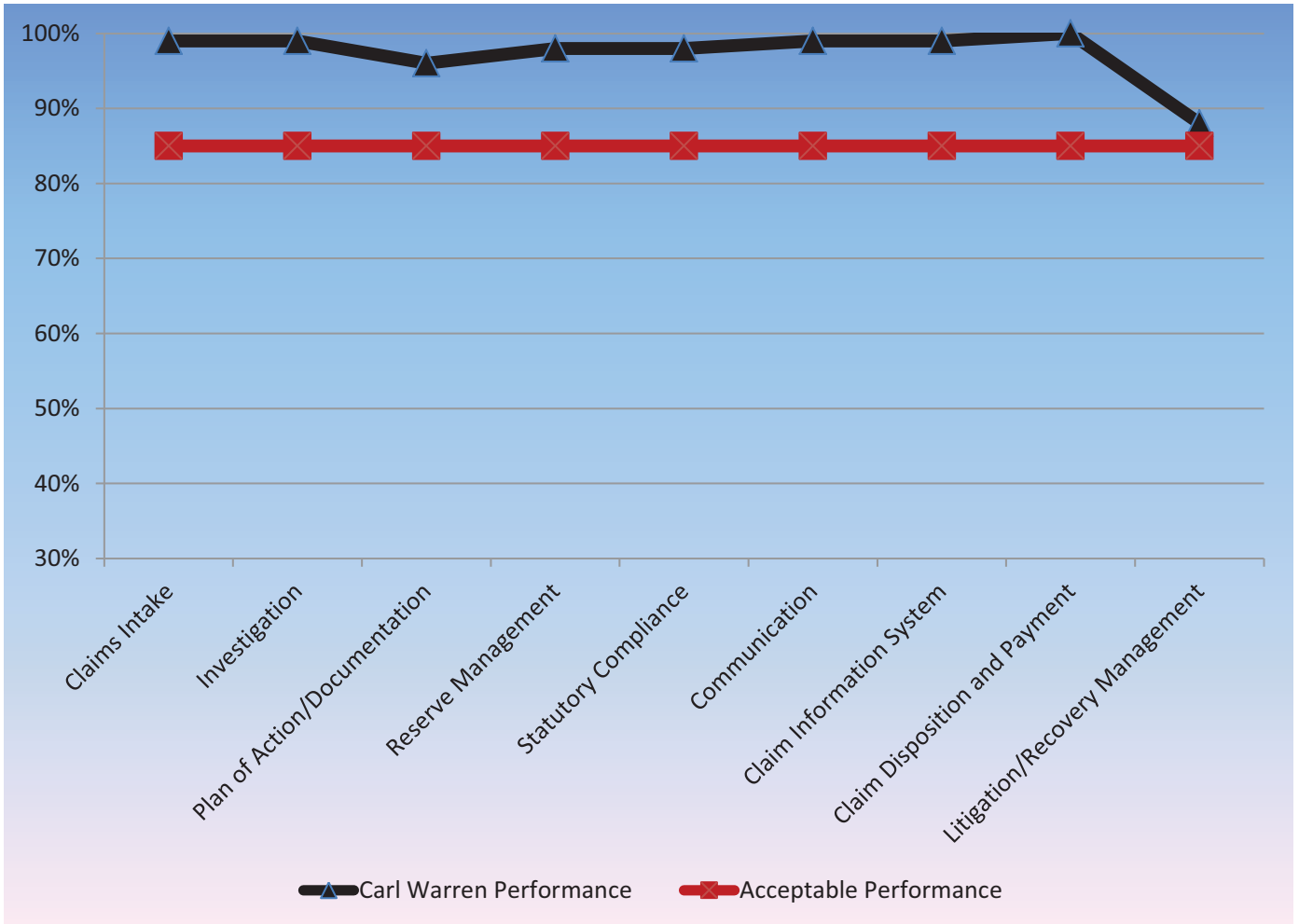
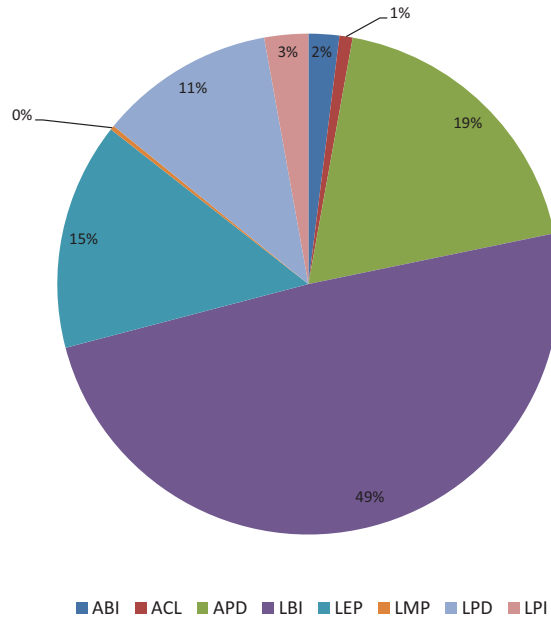


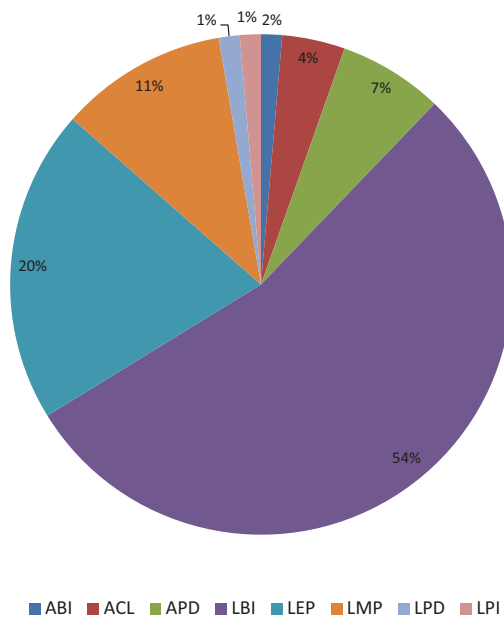
Exhibit I-3

Claim Intake and Pending Analysis

Claim Intake 2010 through 2015



Claims Pending As of December 31, 2014



II. Detailed Findings

This chapter provides our findings for each component we measure. Our findings consider how well procedures meet industry best practices and how well procedures are applied in handling the claims according to the sample review. Below is a narrative discussion of our analysis and findings. Exceptions for all components are found in Appendix B. Upon request, we can provide additional detail including comment on each claim reviewed.

1. Claims Intake

99%

Best practices require the JPA to develop policies and procedures to promote timely, accurate claim reporting by members. Best practices also require an administrator to:

- Maintain manageable caseloads to promote prompt, effective service to members and third party claimants;
- Process assignments within one business day; and
- Verify the Memorandum of Coverage (MOC) applies to the loss date and the claim facts.

To guide its performance under the contract, CW developed its “CSURMA Claims Adjusting Process,” (Client Guideline) which we attach in Appendix C.

CW meets industry best practices for claims intake by requiring:

- Creating, reserving, and assigning new claims within 24 hours of receipt;
- Client approval prior to hiring independent experts; and
- Accurate data entry.

Claims are recorded in CW’s proprietary system maintaining financial and statistical data and allowing the adjuster to document claim handling by entering notes. CW maintains individual paper files supporting the electronic notes. Investigation, correspondence, and other documentation are maintained in the physical claim file and not electronically. Since the prior audit, there is no office support staff and adjusters are required to assemble the paper files.

Members generally report claims timely. Late-reported claims may subject the member to a financial penalty. AORMA’s P & P L-1 provides for a sliding scale reduction of coverage according to the number of days or months the claim is reported late. This encourages timely reporting.

Individual caseloads are reflected in Table II-1 with a description of each adjuster’s responsibilities. Our experience with public entities indicates clam handling is most effective when caseloads for adjusters, who handle low to complex claims and complete field investigations, are maintained between 115 and 130 claims. This caseload also considers minimal office support.

Although CW achieved a superior performance result, we recommend AORMA monitor caseloads to ensure superior performance continues.

**Table II-1
 Caseloads**

Staff	Caseloads		Qualifications and Responsibilities
	AORMA	Total	
JS	5	167	<p><i>Claim Supervisor (offsite)</i></p> <ul style="list-style-type: none"> • Supervises claims adjusters • Investigates and resolves claims for public entity clients • Completes field and telephonic investigations as necessary • Negotiates settlements with claimants and attorneys • Works with defense counsel to manage litigation • Over 25 years of experience • Over 12 years with Carl Warren • BS, Northern Arizona University
LF	31	140	<p><i>Public Entity Claims Specialist (Ventura)</i></p> <ul style="list-style-type: none"> • Investigates and resolves claims for public entity clients • Completes field and telephonic investigations as necessary • Negotiates settlements with claimants and attorneys • Works with defense counsel to manage litigation • Over 25 years of experience • Over seven years with Carl Warren • BA, California State University - Northridge
MM	37	72	<p><i>Service and Retention Leader (Ventura)</i></p> <ul style="list-style-type: none"> • Manages Carl Warren branch office • Supervises claims adjusters • Investigates and resolves claims for public entity clients • Completes field and telephonic investigations as necessary • Negotiates settlements with claimants and attorneys • Works with defense counsel to manage litigation • Over 25 years of experience • Over ten years with Carl Warren • BS, University of Portland • Licensed Adjuster, State of California

We find:

- New claims are set up off-site and assigned timely, usually within 24 hours of receipt;
- CW confirms receipt of claim to the member;
- Data is accurate and updated when appropriate;
- Productivity is acceptable with claim closures nearly equaling claim intake for the past three years;

- The three individuals with primary responsibility for managing AORMA cases carry caseloads 72 to 167 claims, including claims for other clients;
- All individuals have more than 25 years of experience handling claims and the claim files reflect their experience;
- We noted no late-reported claims during this audit and CW advises late reporting is not an issue for the JPA; and
- CW is thoroughly familiar with AORMA's coverage and will seek authority to issue a reservation of rights when appropriate.

We assess claims intake performance as superior. However, we recommend AORMA monitor adjuster caseloads to ensure continuation of superior performance.

2. Investigation

99%

Best practices require:

- Completing investigation within 15 days of claim receipt or documenting efforts to do so;
- Documenting an action plan to complete items outstanding after 30 days;
- Developing evidence such as statements, police reports, and photographs to preserve evidence and support liability and damage decisions;
- Reporting bodily injury claims through the Insurance Services Office (ISO) *ClaimSearch*[®] system to identify prior injuries and claims history;
- Obtaining medical authorizations on bodily injury claims;
- Using a process to identify suspicious claims and target them for closer examination;
- Documenting analysis of the extent of the member's negligence and comparative negligence of the parties; and
- Documenting the initial liability assessment within 15 days of receipt of the claim and re-assessing liability upon receipt of new information.

A properly conducted investigation ensures an accurate understanding of the facts to determine liability. Prompt liability determination can eliminate the need to litigate and, if litigation does occur, allow more focused discovery.

CW's Client Guidelines establishes written investigation standards supporting industry best practices for quality investigations and set timeframes for contacting parties and making a liability determination.

We find:

- With respect to timeliness and quality of contact:

- CW consistently makes required contacts within 24 hours, we note no exceptions; and
- CW's experienced staff are able to assess potential issues and obtain sufficient information to promote early liability evaluations;
- Investigations are completed timely with appropriate planned follow-up if not completed within 30 days;
- Investigation often includes statements and photographs, but could be improved by requesting medical authorizations during the initial encounter with the claimant or attorney, when bodily injury is alleged; and
- All qualifying claims are indexed through ISO *ClaimSearch*®.

We assess claims investigation performance as superior. To promote early evaluation of claims, we recommend CW update their Guidelines to require the adjuster to obtain medical and wage authorizations during the initial encounter with the claimant or attorney.

3. Plan of Action/Documentation

96%

Recognizing the importance of planning for resolution for claims open beyond 30 days, best practices require:

- Documenting an action plan no later than 30 days and identifying planned activities and anticipated time frames;
- Reviewing and updating the action plan at appropriate intervals (usually every 30-45 days for active claims) to ensure planned activities are focused on resolving the claim;
- Establishing diary to support the plan;
- Documenting significant activities as they occur, by recording within 24 hours in a claim log or electronic claim notes, identifying the date of the note and its author;
- Maintaining paper files, date-stamped, and in chronological order, establishing additional volumes by date or by subject, when necessary; and
- Maintaining separate folders within a claim volume to house claimant-specific information when there are multiple claimants.

CW requires diary-triggered claim reviews at 30 day intervals.

We find:

- Action plans are reflected in the notepad;
- With four exceptions, we find updates timely;

- Diary frequency can only be determined by reviewing the electronic note as a diary history is not available in the printouts provided; we find no claims in the sample reflecting gaps in activity;
- Claim notes documentation is professional, reflects ongoing internal and external communication, and identifies authorship and date;
- Some of the larger paper claim files are not in chronological order or separated into additional volumes when necessary;
- Claims involving multiple claimants do not reflect separate folders for housing information specific to individual claimants; and
- Date stamping incoming mail is inconsistent.

We assess diary and action plan performance as superior. However, we recommend CW take steps to improve claim file housekeeping, including requirements for:

- **Date stamping mail delivered to the office prior to distribution to the adjuster;**
- **Filing documents daily to maintain chronological order; and**
- **Using separate folders to house claimant-specific documentation when there are three or more claimants.**

4. Reserve Management

98%

Best practices require:

- Setting initial reserves timely and reviewing adequacy based upon developing an analysis of evidence in favor of issues pursued by the claimant and evidence in favor of immunities and defenses;
- Reevaluating reserves at least bi-annually for adequacy based upon the liability and damages information reflected in the investigation and discovery;
- Documenting reserve calculations using Most Probable Outcome (MPO) considering the probable adverse outcome and the probability for a favorable outcome is as follows:
 - 75% or greater chance for favorable outcome, reserve for favorable outcome plus 25% of probable adverse outcome;
 - 51% to 75% chance for favorable outcome, reserve for favorable outcome plus 50% of probable adverse outcome; and
 - 50% or less chance for favorable outcome, reserve for 100% of probable adverse outcome.

CW meets best practices by requiring:

- Setting the initial reserve within 24 hours of receipt of the claim;
- Considering ultimate loss and expense payments in calculating an accurate reserve;
- Reviewing reserve adequacy on each adjuster diary date; and
- Clearly explaining the rationale for subsequent reserve revisions in the file notes.

We find:

- CW sets a “placeholder” reserve when a new claim is entered offsite; however, this is not considered an initial reserve;
- Initial reserves are timely by the assigned adjuster, with one exception;
- With two exceptions, adjustments are made within 30 days of receipt of information supporting the need for an adjustment;
- Documentation of the adjuster’s rationale for reserve changes is inconsistent, with six exceptions noted in 14 applicable claims;
- Indemnity and expense reserves are evaluated separately, supported by case facts, and consider defense counsel’s analysis and recommended budget;
- With one exception, we find the reserve rationale documented in the claim notes;
- Reserves are accurate. We recommend no reserve changes to the total outstanding reserves of \$3,491,647 for the audit sample reflected in Appendix A; and
- All claims are closed within 30 days of the final payment.

We assess reserve management performance as superior.

5. Statutory Compliance

99%

Best practices require compliance with:

- Any state Fair Claims Practices Act; and
- Other federal or state laws relating to handling and payment of claims.

As a self-funded plan not covered by insurance, AORMA is exempt from the requirements of the California Fair Claims Practices Act included in the California Insurance Code. Nevertheless, CW treats claimants fairly and communicates and issues payments timely.

Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) established mandatory reporting requirements for liability insurance (including self-insurance), no-fault insurance, and workers' compensation. This act requires claims administrators to identify a

Medicare beneficiary (whose injury or accident might result in a settlement) to enable appropriate determination concerning coordination of benefits, including any Medicare recovery entitlement.

The Centers for Medicare & Medicaid Services (CMS) is responsible for implementing the MMSEA.

Beginning January 1, 2012, Responsible Reporting Entities (RREs) were to begin reporting Total Payment Obligation to Claimant (TPOC) settlements, judgments, awards, or other payments over \$100,000. This threshold diminishes throughout the year. The complete reporting threshold dates are as follows.

Amount	TPOC Date on or after	Reporting Required*
\$100,000	October 1, 2011	January 1, 2012
\$50,000	April 1, 2012	July 1, 2012
\$25,000	July 1, 2012	October 1, 2012
\$5,000	October 1, 2012	January 1, 2012
\$2,000	October 1, 2013	January 1, 2014
\$300	October 1, 2014	January 1, 2015

*Within the quarter beginning on this date.

Note the minimum reporting threshold is now \$300.

Because CSURMA funds AORMA's self-insured retention, CSURMA is the RRE under MMSEA. CW is the reporting agent and contracts with ISO to identify and report appropriate claims. ISO provides CW with a listing of claims identifying Medicare recipients. CW's system provides protection against issuing a settlement on a bodily injury claim without verifying Medicare eligibility (assuming Medicare-eligibility is verified).

We note two issues with this process:

- CMS query to determine Medicare eligibility is dependent on filing the ISO *ClaimSearch*[®] Index, complete with information required by CMS to search the database^a. The claim file is not documented when the query is submitted, only when a positive eligibility determination is made; and
- Since claims are not verified as "not-eligible," the claim file does not document whether most claims have been queried. If an index is filed without the required information, ISO can notify its subscriber. But if an index is not filed, the claim is not queried.

If the CMS query response is not downloaded to the claim record, a TPA contracted in the future would not have sufficient information to defend AORMA against imposition of a fine based on lack of reporting.

We assess statutory compliance performance as superior. However, we recommend CW work with ISO to develop a mechanism to document claim files with query results regardless of eligibility status.

^a Required information includes the claimant's full legal name, last five digits of social security number, date of birth and residence address (or address of legal representative).

6. *Communication*

99%

Best practices require:

- Prompt response to internal communications; and
- Prompt response to external correspondence or communication.

We find:

- With one exception, claim files reflect good communication among CW, OGC, and member representatives; and
- Auxiliary organization representative interviews confirm satisfaction with CW's communication:
 - CW responds promptly to member inquiries;
 - CW keeps members informed as cases progress; and
 - Presentations for settlement authority at Committee meetings reflect understanding and familiarity with the specific case and applicable laws.

We assess communication as superior.

7. *Claims Management Information System (CMIS)*

99%

Best practices require:

- CMIS support of claims handling efficiency, including:
 - CMIS fields adequate to collect data required to handle claims; and
 - Use of CMIS fields to collect data timely and accurately.
- CMIS support of loss experience reports (LERs), including:
 - Support for provision of LERs to members and loss control personnel; and
 - Support for provision of EDI per regulatory requirements.

We find:

- Data reflected in the printed financials provided for sample claims is accurate;
- Data integrity is dependent on the adjuster's updating data as necessary, for which we found two exceptions;

- CW's proprietary system appears to contain sufficient fields to allow meaningful reports; and
- Claim file data reviewed in the sample agreed with the loss run data and there was no contradictory data found in the notepads.

We assess performance for CMIS as superior.

8. Claim Disposition and Payment

100%

Industry best practices require documentation of:

- Evaluation of damages within 30 days of receipt;
- Verification of bodily injury claims by medical bills and reports;
- Extent of property damage by itemized building scope, appraisal, and pricing verification;
- Damage offsets such as prior damage, injury, or depreciation;
- Authorization requests and approvals;
- Offers and demands;
- Releases executed prior to settlement check issuance;
- Protection of Medicare's interest when there is a secondary payer obligation in accordance with the MMSEA; and
- Timely and accurate payments.

CW requires the request for authority to provide a clear analysis of the claim.

AORMA's P & P No. L-2 sets forth the following settlement authority parameters:

- CW has authority to \$25,000; and
- The AORMA Committee has settlement authority in excess of \$25,000 to the limit of the pooled layer.

The MOC requires member notification for settlements and provides a two-level appeal process should the member disagree.

We find:

- The authority level delegated to CW is appropriate, given the experience of the individuals responsible for administering AORMA claims;

- Settlement evaluations are documented within 30 days of receipt of damages information without exception;
- Settlement evaluations consistently include the adjuster's evaluation of evidence and rationale for the valuation range provided;
- Negotiation strategy is well documented;
- Offers and demands are documented in the claim notes;
- Releases are obtained in 100% of the settled claims in the audit sample;
- Medicare interests were protected in the one qualifying settlement;
- Settlement authority requests are timely and presented clearly; and
- Payments are timely, accurate, and supported.

We assess claims disposition performance as superior.

9. Litigation/Recovery Management

88%

Best practices for litigation management require the administrator to avoid unnecessary litigation by:

- Investigating claims promptly;
- Evaluating claims reasonably and making early resolution decisions;
- Maintaining frequent contact with third party claimants to establish trust and foster claim resolution when appropriate; and
- Treating claimants and attorneys fairly.

To minimize costs when litigation does occur, the administrator is expected to:

- Control the use of outside defense counsel;
- Assign claims in writing to specific attorneys rather than to firms;
- Ensure cases contain the attorney's documented resolution strategy and a written budget;
- Collaborate with the assigned attorney to facilitate development of alternative resolution strategies when appropriate;
- Consider alternative dispute resolution; and
- Monitor defense counsel's billings to ensure compliance with contractual requirements.

AORMA meets best practices by detailing litigation management requirements in P & P No. L-2 which requires:

- TPA oversight of legal defense management;
- Counsel to acknowledge and sign an engagement letter indicating understanding of AORMA's litigation management requirements; and
- Counsel to provide a case analysis and litigation budget within 30 days of receipt of assignment and update the legal budget as necessary.

AORMA P & P L-3 requires CW to assign new suits to AORMA-approved counsel within five days of receipt. The policy also provides for maximum hourly rates.

AORMA has developed excellent litigation management guidelines to ensure compliance from retained counsel to report timely and project costs. Consistent application of these guidelines by CW has resulted in improvement, but lack of compliance in these two areas by a few firms requires consideration of additional measures. Reporting and budgeting are critical duties of counsel supporting CW's evaluation of reserve accuracy and prompt discussion of costs related to litigation versus benefits of alternative dispute resolution, such as negotiating settlement.

CW's Engagement Letter (Appendix D) notifies counsel of the requirement to immediately return a signed copy of the letter, and submit an initial analysis and budget within 30 days. The Engagement Letter provides sufficient notice to counsel and allows withholding of payment of bills received prior to the firm's compliance. The Suspension Letter (Appendix E) can be sent after the time to comply is expired.

We find:

- Eighteen percent of the open pending claims and 34% of the audit sample are litigated;
- In addition to litigated claims, counsel is generally retained for discrimination cases involving administrative hearings before the U.S. Equal Employment Opportunity Commission (EEOC) or the California Department of Fair Employment and Housing (DFEH);
- Representation of the member in EEOC and DFEH cases is outside the scope of the member's coverage;
- Without exception, CW refers new litigation to a panel firm within five days;
- CW uses the required engagement letter without exception;
- Panel counsel demonstrates the necessary expertise to defend assigned cases and provides a through fact summary and analysis of liability. However, we note:
 - Counsel is non-compliant to CW's request for an initial case analysis within 30 days in three of 16 qualifying claims;
 - Counsel demonstrates non-compliance to CW's request for a litigation budget in seven of 13 claims, with several claims requiring multiple requests; and

- Subsequent case reporting by counsel requires improvement to meet AORMA's guidelines with 3 of 8 qualifying claims in the sample reflecting late reporting.
- Legal billings generally comply with AORMA's guidelines.

Best practices for recovery management require:

- Prompt identification of and contact with responsible parties;
- Prompt identification of contracts intended to hold a third party liable;
- Appropriate follow up with responsible parties to effect recovery;
- Assessment of costs and methods to effect recovery should the responsible party decline payment; and
- Protection of the statute of limitations when the decision is made to use legal assistance to obtain payment.

Four claims involve potential recovery and we note no exceptions to best practices.

We assess litigation management performance as acceptable. To improve performance to superior, we recommend AORMA request CW to:

- **Suspend payments to defense counsel until the signed engagement letter, initial case analysis and case budget are submitted;**
- **Send a suspension notice letter to counsel if compliance is not met within the required time frame, but no later than 45 days from assignment; and**
- **Monitor costs against the approved legal budget and notify counsel to prepare a revised budget when costs exceed 85% of the budget.**

Appendix A

Claims Audit List

Appendix B

Component, Subcomponent, and Criteria Scores with Exceptions

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
		Yes	No	N/A	Actual	Possible	Pct
01 Claims Intake							
1	Claim Reporting	Yes	No	N/A	Actual	Possible	Pct
1.01	Does member report claim timely?	45	0	0	45	45	100%
1.02	Does the initial report have sufficient information for the adjuster to initiate contacts and investigation?	44	0	1	44	44	100%
1.03	Does the initial report reflect the member's familiarity with CSRMA claim reporting procedures?	45	0	0	45	45	100%
Subcomponent Total		134	0	1	134	134	100%
2	Claim Set Up	Yes	No	N/A	Actual	Possible	Pct
1.04	Is claim set up within 24 business hours of receipt?	43	2	0	43	45	96%
1.05	Are claim facts reviewed immediately to verify facts conform with coverage provided?	44	1	0	44	45	98%
1.06	Is claim data entry accurate?	43	0	2	43	43	100%
Subcomponent Total		130	3	2	130	133	98%
Category Total:		Yes	No	N/A	Actual	Possible	Pct
01 Claims Intake (85% target)		264	3	3	264	267	99%
Exceptions: 01 Claims Intake (Claims scoring below 100%)							
1	1899509-001						80%
2	1895248-001						83%
3	1849575-001						83%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
02 Investigation							
1	Contacts	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
2.01	Contacts with required parties initiated within 24 hours of receipt of claim?	42	0	3	42	42	100%
2.02	Is contact with parties sufficient to obtain required information?	43	0	2	43	43	100%
Subcomponent Total		85	0	5	85	85	100%
2	Obtaining and Preserving Evidence	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
2.03	Investigation is substantially completed within 15 days of assignment, or the claim is documented with efforts to do so.	34	0	11	34	34	100%
2.04	If the investigation is not complete within 30 days, there is an action plan to complete outstanding items?	12	0	33	12	12	100%
2.05	Investigation includes statements, police reports, photographs appropriate to support liability and damage decisions?	14	0	31	14	14	100%
2.06	If bodily injury is involved, are authorizations obtained?	4	2	39	4	6	67%
Subcomponent Total		64	2	114	64	66	97%
3	Mitigation	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
2.07	If bodily injury is involved, the claim is reported to the index system?	16	0	29	16	16	100%
2.08	When fraud is suspected, additional investigation is pursued, together with reporting to authorities, if appropriate?	0	0	45	0	0	N/A
2.09	Did the adjuster perform a documented analysis of the extent of the member's negligence, including, if applicable, comparative negligence of the parties?	20	0	25	20	20	100%
Subcomponent Total		36	0	99	36	36	100%
Category Total: 02 Investigation (85% target)		185	2	218	185	187	99%

Exceptions: 02 Investigation
(Claims scoring below 100%)

1	1898886-001	86%
2	1879344-001	86%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
03 Plan of Action/Documentation							
1	Timeliness	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
3.01	Is an action plan documented and updated as necessary?	41	4	0	41	45	91%
3.02	Does the file reflect appropriate activities initiated to resolve the claim?	38	1	6	38	39	97%
Subcomponent Total		79	5	6	79	84	94%
2	Frequency of Updates	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
3.03	Time frames and follow-up dates documented?	35	2	8	35	37	95%
3.04	Diary frequency supported by case facts, but no longer than 60 days?	25	0	20	25	25	100%
3.05	Diary review is documented with date, adjuster name, and action taken?	42	0	3	42	42	100%
Subcomponent Total		102	2	31	102	104	98%
3	Quality of Documentation	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
3.06	File contents braided in chronological order?	43	0	2	43	43	100%
3.07	Separate folders to house claimant-specific information maintained?	0	4	41	0	4	0%
3.08	File material receipt recorded by date stamp or other means?	10	3	32	10	13	77%
3.09	File documents communication among adjuster, claimant and defense counsel.	26	0	19	26	26	100%
3.10	Adjuster documentation is clear and professional.	40	0	5	40	40	100%
Subcomponent Total		119	7	99	119	126	94%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
03 Plan of Action/Documentation (85% target)		300	14	136	300	314	96%

Exceptions: 03 Plan of Action/Documentation
(Claims scoring below 100%)

1	1897007-001	88%
2	1895248-001	86%
3	1893749-001	75%
4	1892678-001	71%
5	1882328-001	86%
6	1868502-008	78%
7	1868502-001	78%
8	1861007-005	86%
9	1861007-004	86%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
03 Plan of Action/Documentation		10	1755960-001				86%
04 Reserve Management							
1	Procedures	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
4.01	Initial reserve is established within 2 business days of receipt of claim?	44	1	0	44	45	98%
4.02	Reserve adjustments are made within 30 days of receipt of information supporting a material change in developments?	40	2	3	40	42	95%
4.03	File contains documentation of reserve review at regular intervals, no greater than 120 days?	10	1	34	10	11	91%
4.04	Initial reserve and subsequent changes are supported by case facts?	41	0	4	41	41	100%
4.05	Reserves are evaluated by component, i.e., indemnity and expense?	43	0	2	43	43	100%
4.06	Reserve rationale is documented by worksheet, claim notes, report or other acceptable means.	16	1	28	16	17	94%
Subcomponent Total		194	5	71	194	199	97%
2	Evaluation and Accuracy	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
4.07	Indemnity reserve is accurate?	35	0	10	35	35	100%
4.08	Expense reserve is accurate?	37	1	7	37	38	97%
4.09	Reserve is closed within 30 days of final payment?	7	0	38	7	7	100%
Subcomponent Total		79	1	55	79	80	99%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
04 Reserve Management (85% target)		273	6	126	273	279	98%
Exceptions: 04 Reserve Management (Claims scoring below 100%)							
		1	1899509-001				80%
		2	1898188-001				83%
		3	1889491-001				83%
		4	1868502-001				88%
		5	1861007-005				83%
		6	1733219-001				86%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions		Number of Responses			Weighted	Score	
05 Statutory Compliance							
1	Compliance	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
5.01	Claim reflects compliance with state laws and regulations.	45	0	0	45	45	100%
5.02	Claim is flagged for required Medicare reporting?	2	1	42	2	3	67%
5.03	Does the adjuster require the claimant to comply with government code requirements?	0	0	45	0	0	N/A
5.04	Is there analysis of potential immunity defense (s)?	0	0	45	0	0	N/A
Subcomponent Total		47	1	132	47	48	98%
Category Total: 05 Statutory Compliance (85% target)		47	1	132	47	48	99%

Exceptions: 05 Statutory Compliance
(Claims scoring below 100%)

1	1895043-001	50%
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06 Communication							
1	Communication	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
6.01	Prompt response to internal communications?	43	1	1	43	44	98%
6.02	Response to correspondence requiring a response within 5 business days?	18	0	27	18	18	100%
6.03	Claim reflects updates between Risk Management and General Counsel?	5	0	40	5	5	100%
Subcomponent Total		66	1	68	66	67	99%
Category Total: 06 Communication (85% target)		66	1	68	66	67	99%

Exceptions: 06 Communication
(Claims scoring below 100%)

1	1603788-001	50%
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Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
		Yes	No	N/A	Actual	Possible	Pct
07 Claim Information System							
1	Data Integrity						
7.01	Claim entry contains accurate information.	45	0	0	45	45	100%
7.02	Claim data is updated with new information.	42	2	1	42	44	95%
7.03	Claim system includes sufficient fields to provide meaningful loss information reports.	45	0	0	45	45	100%
7.04	Claim data is accurately reflected in loss run data.	44	0	1	44	44	100%
Subcomponent Total		176	2	2	176	178	99%
2	Medicare Reporting						
7.05	Claim contains entries for fields required for Medicare reporting under MMSEA (Legal Name, DOB, Gender, SSN)?	44	0	1	44	44	100%
Subcomponent Total		44	0	1	44	44	100%
Category Total: 07 Claim Information System (85% target)		220	2	3	220	222	99%

Exceptions: 07 Claim Information System
(Claims scoring below 100%)

1	1892678-001	80%
2	1861007-005	80%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
08 Claim Disposition and Payment							
1	Evaluation and Documentation	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
8.01	Was the damage evaluation performed within 30 days of receipt of damages information?	5	0	40	5	5	100%
8.02	If injury/disability was considered questionable, was an activity check performed or an independent medical examination considered?	0	0	45	0	0	N/A
8.03	Does the adjuster establish a value range and a negotiating plan prior to initiating negotiations?	5	0	40	5	5	100%
8.04	Is the evaluation properly documented?	8	0	37	8	8	100%
8.05	If wage loss was involved, did the adjuster verify with the employer?	0	0	45	0	0	N/A
8.06	If property damage, was it verified by appraisal/photographs or adjuster verification of contractor's scope and pricing?	1	0	44	1	1	100%
8.07	Were any applicable damage offsets assessed and applied?	1	0	44	1	1	100%
8.08	Are negotiations documented, stating each settlement offer and demand?	7	0	38	7	7	100%
8.09	Is a release executed prior to issuing a settlement check?	9	0	36	9	9	100%
8.10	Does file contain adequate documentation that Medicare interests have been protected pursuant to MMSEA?	1	0	44	1	1	100%
Subcomponent Total		37	0	413	37	37	100%
2	Authority	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
8.11	Is settlement authority requested within 10 days of completing the evaluation?	1	0	44	1	1	100%
8.12	Does the authority request clearly outline issues relevant to the claim to allow an informed decision?	3	0	42	3	3	100%
8.13	Is settlement authority documented in the claim file?	3	0	42	3	3	100%
Subcomponent Total		7	0	128	7	7	100%
3	Payments	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
8.14	Payment is issued timely.	6	0	39	6	6	100%
8.15	Are payment requests supported by documentation?	6	0	39	6	6	100%
8.16	Payment is issued accurately.	6	0	39	6	6	100%
Subcomponent Total		18	0	117	18	18	100%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
08 Claim Disposition and Payment (85% target)		62	0	658	62	62	100%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions	Number of Responses	Weighted	Score
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08 Claim Disposition and Payment

Exceptions: 08 Claim Disposition and Payment
(Claims scoring below 100%)

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions		Number of Responses			Weighted		Score
09 Litigation/Recovery Management							
1	Litigation Management	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
9.01	Is the suit referred to a panel law firm within 5 days of notice?	17	0	28	17	17	100%
9.02	Does assignment include an engagement letter providing counsel with litigation guidelines?	17	0	28	17	17	100%
9.03	Does counsel work with adjuster to develop a litigation strategy?	14	1	30	14	15	93%
9.04	Does counsel provide a preliminary evaluation within 30 days of assignment?	13	3	29	13	16	81%
9.05	Does counsel provide a litigation budget within 30 - 45 days of assignment?	6	7	32	6	13	46%
9.06	Is counsel's analysis thorough, providing a fact summary and analysis of liability and governing statutes?	15	0	30	15	15	100%
9.07	Is counsel's subsequent reporting timely, within client guidelines?	5	3	37	5	8	63%
9.08	Is alternative dispute resolution considered, if appropriate?	0	0	45	0	0	N/A
9.09	Do legal billings comply with litigation management guidelines?	12	1	32	12	13	92%
Subcomponent Total		99	15	291	99	114	87%
2	Recovery Management	<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
9.10	Was responsible third party contacted within 10 days of knowledge or was there an attempt to identify potentially responsible parties?	1	0	44	1	1	100%
9.11	Is there an investigation to determine the existence of contracts that would shift liability to another party?	3	0	42	3	3	100%
9.12	If another responsible party is identified, is there appropriate follow-up contact until a response is obtained?	1	0	44	1	1	100%
9.13	Was the responsible party notified in writing?	2	0	43	2	2	100%
9.14	In the event the responsible party declines payment or ignores requests for payment, is there a decision made on whether or not to pursue subrogation after completing a cost-benefit analysis?	0	0	45	0	0	N/A
Subcomponent Total		7	0	218	7	7	100%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
09 Litigation/Recovery Management (85% target)		106	15	509	106	121	88%

Exceptions: 09 Litigation/Recovery Management
(Claims scoring below 100%)

1	1892678-001	60%
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Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions	Number of Responses			Weighted		Score
09 Litigation/Recovery Management						
	2	1882328-001				50%
	3	1881571-001				82%
	4	1881293-001				80%
	5	1879344-001				75%
	6	1733219-001				86%
	7	1603788-001				43%
	8	1603180-001				80%
Overall (85% target)	1,523	44	1,853	1,523	1,567	97%

Appendix C

CSURMA Claims Adjusting Process – Carl Warren and Company



CSURMA Claims Adjusting Process

Claims Reporting

New claims may be reported electronically by email, through our website, telephone-using a toll free number or by fax. The most common method is email or fax for non-urgent matters. If the claim notice is faxed it will automatically turn into an electronic version that goes directly to an assignment mail folder. The notice will be reviewed by the Client Relationship Manager and assigned to the adjuster, typically within twenty-four (24) hours, and no later than 2 business days unless a specified response time has been requested. Via email we will confirm receipt.

Claims Processing

When a claim is received it will be processed using our established Liability Claim Standards:

1. Within twenty-four (24) hours of receipt of the first report, a file will be created, reserved and assigned the proper code numbers, and the necessary data will be entered into the information system.
2. The initial reserve will take into consideration all potential payments related to the loss including liability and allocated expenses. Thereafter, any reserve revisions and all payments will be clearly explained in the file notes.
3. All payments, reserve revisions and file closings will be reviewed on every diary date and adjusted when file material warrants it.
4. Diary triggered reviews will be conducted on all files every thirty (30) days.
5. We submit all bodily injury (BI) claims to the Central Index Bureau.
6. When a claim has been resolved, we will prepare a closing report and promptly close the file.

Investigations (including fraud)

All investigations of claims and/or lawsuits are conducted in a manner that adheres to the Fair Claims Practices Act, and Carl Warren & Company will perform the following:

1. Contact with any injured claimant and, if applicable, witnesses and other interested parties, will be made within 24 hours of receipt of the first report.
2. When necessary, police reports will be immediately obtained upon receipt of the claim.
3. Initial statements and/or inspections will be taken within 72 hours of receipt of the claim. This includes taking pictures or preparing diagrams to illustrate the mechanism, cause or location of the accident.
4. Within twenty (20) days of receipt of the first report, there should be an investigation of facts of accident and injury sufficient to make a liability determination and send the



initial claims report. If there is a potential to tender the claim to a third party, we will request authority to do so in the initial report.

5. We will provide written reports to the client keeping them informed of any major claim developments such as medical status, settlement demands, scheduling of settlement conferences, hearings and trials.
6. We will seek approval prior to hiring independent experts deemed necessary to properly conduct fraud investigations or direct sub-rosa services when needed. Such investigation costs will be billed as an allocated loss expense and will be coded as such in all data files.
7. Contact will be maintained with any claimant on a regular basis to ensure accurate reserving and claimant rapport.
8. We will request a medical authorization and a loss of earnings authorization from the claimant on any bodily injury file where settlement is being considered.
9. All medical bills submitted by the claimant for payment will be reviewed for causal relationship to the accident.
10. Subrogation/contribution possibilities will be promptly recognized and investigated, preserving required evidence, and utilizing experts where needed and approved.
11. Where warranted, settlement will be aggressively pursued and all negotiations will be properly documented in the file notes and handled internally by the claims adjuster assigned the file unless there is a documented basis to handle it in another manner.
12. CRM/Adjusters will communicate with Risk Management and Counsel regularly throughout investigation.
13. When there is clear liability on a claim Carl Warren & Company will negotiate with claimant/plaintiff.
14. When liability has been determined and the settlement value is within our authority we will immediately start negotiations to settle the claim without litigation. If the value of the claim exceeds our authority, we will prepare an Evaluation/Authority Request form which will provide a clear analysis of the claim and our authority request.
15. When a settlement amount is agreed upon, we will prepare and send all releases, agreements, W-9's and other payment instruments to the claimant and/or the claimant's representative.

Claim Set-Up

Each file will consist of the following information:

- ✓ An information sheet containing all pertinent information regarding the claims: name of claimant, claim number, date of loss, description of loss and involved departments and employee(s).
- ✓ A reserve of the estimate of the potential cost of the claim
- ✓ A copy of the claim, lawsuit or other documentation
- ✓ An analysis of the potential exposure including liability and estimated damages
- ✓ Written contact with the claimant or claimant's representative
- ✓ Follow-up recommendations to bring claim to conclusion/closure
- ✓ Documentation regarding the resolution including settlement agreements/releases



- ✓ Communication with the Client and Counsel (in litigated matters) regarding the resolution or settlement of the case including letters pertaining to authorization of settlement
- ✓ Letters, correspondence, memos, legal documents and notes to file that pertain to the claim
- ✓ A full report of investigation including recorded or written statements from involved employees, managers, witnesses and claimant which may include photographs and any other visual information pertaining to the claim or lawsuit
- ✓ Correspondence or case notes regarding conversations with either claimant, plaintiff or his or legal representative

Quality Assurance

Carl Warren & Company's approach to quality control and the effective management of claims is one that has been refined over the past 60+ years. Our new adjusters are provided with training at the time they are hired. They are familiarized with our 183 page Adjuster Technical and Procedural Guidelines Manual. Our quality control processes really begins with notification of a claim and continues throughout the life of the claim. Our adjusters are required to review and verify information at the time the file is opened. All files are maintained on a diary system to ensure timely, informative, valuable reporting. Our adjusters conduct a mandatory, monthly review of their files to ensure the accuracy of the claim, payment and reserve data as well. We have an in house Quality Assurance group that audits files and streamlines the quality control process.

In summary, our quality assurance process is multilevel in structure. It begins with accountability. All of our adjusters are accountable for their work product as well as client service and satisfaction issues. Claim reports/files (depending on severity and other criteria) are periodically reviewed by our Client Relationship Managers. Service and Retention leaders selectively review claim files to verify our work meets the client's specifications. Finally, our quality assurance leader conducts periodic audits. Our adjusters are reviewed annually by supervisors within the management structure who are most familiar with their work and the relationships with their clients.

All files are on a strict diary and are reviewed at pre-established intervals, to ensure the timely completion of investigation, timely evaluation and the adequacy of the established reserves. They are to be looked at for initial reserve within 3-5 days, then at the 30 day diary there should be a fairly solid reserve set and an action plan in place. From the 30 day review, we then decide if this is something that has to be reviewed every 30 or 60 days and diary accordingly.

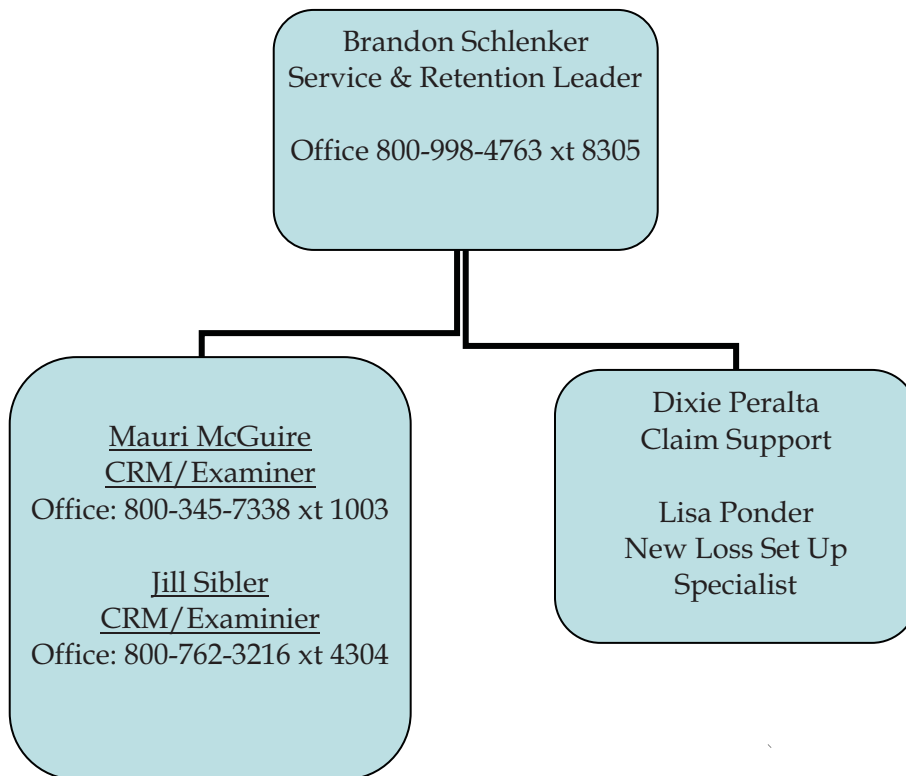
The supervision guidelines include the following:

- If the claim requires a full investigation in order to establish liability, the CRM will make the assignment to an adjuster for investigation and handling.



- Reporting will be monitored to assure it meets the established account reporting guidelines. The CRM/SRL will conduct random audits on selected adjuster files; a minimum of four files per month are audited.
- The SRL approves all checks.

Organizational Chart - Staff for CSURMA



Appendix D

Defense Counsel Assignment Letter



CARL WARREN & COMPANY
Claims Management and Solutions

Date

Defense Attorney Name
Defense Attorney Address

Re: Principal: Auxiliary Organizations Risk Management Alliance (AORMA)
Member:
Additional Insured:
Claimant:
Date of Loss:
Our File:

Dear Mr. Attorney:

This assignment is being made to your office on behalf of our principal, CSURMA AORMA and its member, CSU Auxiliary Organization.

I have previously sent copies of my electronic file in anticipation of litigation in this matter.

Please immediately acknowledge your receipt of this assignment. Within 30 days please advise by letter:

- a) Facts.
- b) Your evaluation of liability based on present information.
- c) Your evaluation of damages at the present time.
- d) Applicable defenses.
- e) Further investigation required.
- f) Expert recommendation and timing of their use
- g) Proposed strategy and plan of action.

In your initial letter kindly set forth a budget of attorneys' fees and costs projected for handling the entire case through the completion of discovery, including the anticipated costs of mediation or any motions. Prior to a trial date we will request a budget for the cost of trial. In addition, no later than 30 days prior to mediation, arbitration or trial please provide a report, which shall include:

1. an assessment of the Member's liability;
2. an assessment of plaintiff's damages;

AN EMPLOYEE-OWNED COMPANY

P. O. Box 7059 | Ventura, CA 93006-7059

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CA License No. 2607296

3. an assessment of legal defenses (and probability or prevailing);
4. an assessment of the chances of prevailing at trial;
5. the verdict value assuming full liability
6. as assessment of any other factors affecting the items above, including demeanor or credibility of important witnesses, evidentiary disputes, tendencies or local juries, the judge or opposing counsel, liability and solvency/coverage of co-defendants, or similar important issues;
7. an appraisal of settlement value, considering verdict value and chances of prevailing
8. the status of settlement discussions

Your reports should be to this office, with copies to all the listed parties copied below.

You are retained on behalf of the CSU Auxiliary Organization and they will be responsible for all bills. However, the bills should be sent to me for review and payment. CSURMA AORMA will be responsible for \$225.00 per hour for attorney billings. The balance will be forwarded to the CSU Auxiliary Organization to oversee payment.

Payment of the legal bills is contingent on the return of this signed letter, receipt of the initial evaluation and budget and submission of a revised budget when the approved budget is exceeded or expected to be exceeded, within the timelines outlined above.

Please refer all requests for settlement authorization to me and immediately alert me at any time settlement potential exists. Please forward a report if there have been substantive case developments, or every 90 days.

In order to control expenses, we require that you obtain authorization for significant discovery, retention of experts, filing of motions or scheduling of mediation. **In addition, all legal research requires prior approval.**

Please note that we reserve the right to order an independent legal billing audit if in our judgment, your billings do not comply with CSURMA AORMA's Liability Litigation Management guidelines or are excessive and/or unwarranted.

We thank you in advance for your assistance.

Sincerely,

CARL WARREN & COMPANY

Mauri McGuire
Claims Analyst

I acknowledge that I have read this engagement letter and have received a copy of CSURMA AORMA's Policy & Procedure No. L-2 - Liability Claims Administration and Litigation Management guidelines.

Defense Attorney Named

Date

Cc: CSU Auxiliary Organization

Alliant Insurance Services, Inc.
Attention: Mimi Long
100 Pine Street, 11th Floor
San Francisco, CA 94111

Zachary Gifford, Risk Management and Public Safety
The California State University
401 Golden Shore, 5th Floor
Long Beach, CA 90802

William Hsu, CSURMA General Counsel
Office of General Counsel
401 Golden Shore, 2nd Floor
Long Beach, CA 90802

Appendix E

Defense Counsel Suspension Letter



CARL WARREN & COMPANY
Claims Management and Solutions

Date

Defense Attorney Name
Defense Attorney Address

**Re: Principal: Auxiliary Organizations Risk Management Alliance (AORMA)
Member:
Additional Insured:
Claimant:
Date of Loss:
Our File:**

Dear Mr. Attorney:

As you may recall, you received the above mentioned assignment and retention letter dated (date). Within the retention letter there were various requirements for reporting with timeframes for completion. To date we have not received your signed copy confirming receipt of the CSURMA AORMA's Policy & Procedure No. L-2 - Liability Claims Administration and Litigation Management guidelines, litigation budget or initial evaluation.

As stated in the retention letter, payment of the legal bills is contingent on the return of the signed letter, receipt of the initial evaluation and litigation budget as well as the submission of a revised budget when the approved budget is exceeded.

As a result, we are providing formal notice that you have not complied with the requirements and that payment of further billings will be suspended until the needed documents are received.

I apologize for any inconvenience this may cause and look forward to receiving the requested/needed documents as soon as possible. Thank you for your cooperation.

Sincerely,

CARL WARREN & COMPANY

AN EMPLOYEE-OWNED COMPANY

1000 S. Hill Road, Suite 215 | Ventura, CA 93003

P. O. Box 7059 | Ventura, CA 93006-7059

www.carlwarren.com | Tel: 805-650-7020 | 800-345-7338 | Fax: 866-254-4423

CA License No. 2607296

Cc:

CSU Auxiliary Organization

Alliant Insurance Services, Inc.
Attention: Mimi Long
100 Pine Street, 11th Floor
San Francisco, CA 94111

Zachary Gifford, Risk Management and Public Safety
The California State University
401 Golden Shore, 5th Floor
Long Beach, CA 90802

William Hsu, CSURMA General Counsel
Office of General Counsel
401 Golden Shore, 2nd Floor
Long Beach, CA 90802

INTEGRATED CSU ADMINISTRATIVE MANUAL

ISSUE: The Executive Committee resolved to annually review applicable sections of the Integrated CSU Administrative Manual (ICSUAM) and any updates thereto, as well as CSURMA's data security policies. At its meeting on March 20, 2015, the Executive Committee reviewed the ICSUAM policies and adopted two new sections, as shown below.

- Section 1301 – Hospitality, Payment or Reimbursement of Expenses
- Section 3000 - General Accounting
- Section 8000 - Information Security
- Section 1101 – Delegation of Authority to Obligate the University – *adopted March 20, 2015*
- Section 7100 – Identity Access Management - *adopted March 20, 2015*

The Executive Committee also reviewed the iVOS User Policy. CSURMA uses many electronic data systems, but the iVOS Liability System is the only electronic data system maintained by CSURMA and for which CSURMA is responsible for the security of the electronic data.

RECOMMENDATION: No action is requested; this item is for information only.

FISCAL IMPACT: None.

BACKGROUND: Staff reviewed all sections of the Integrated CSU Administrative Manual and determined that the following sections are relevant and beneficial to the operation of CSURMA:

- Section 1300 – Hospitality, Payment and Reimbursement of Expenses
- Section 3000 – General Accounting
- Section 8000 – Information Security
- Section 1101 – Delegation of Authority to Obligate the University
- Section 7100 – Identity Access Management

CSURMA has specifically adopted its own policies and procedures, such as travel reimbursement (CSURMA P&P No. 17), invoice payments (CSURMA P&P No. 6), use and disposition of equipment (CSURMA P&P No. 16) and it is recommended that CSURMA's adopted policies apply where they overlap with the ICSUAM.

ATTACHMENT(S):

- a. ICSUAM Compliance List at February, 2015
- b. CSURMA iVOS User Policy
- c. Resolution 04-15 EC – Resolution Adopting Administrative Policies and Procedures



Integrated CSU Administrative Manual

CSURMA - ICSUAM

<https://csyou.calstate.edu/Policies/icsuam/Pages/default.aspx>

Reviewed by 3/2/15

Section & Policy	Adopted by CSURMA (yes/no)	Original Review Notes	Policy Updates
1101.00 - Delegation of Authority to Obligate the University	Yes		New (10/24/14): CSURMA follows the delegation of authority of CO structure.
1201.00 - Intercollegiate Athletics Administration	No		Not necessary for CSURMA, not involved in Intercollegiate athletic programs
1202.00 - Athletics Trade Usage (Trade Out)	No		Not necessary for CSURMA, not involved in Intercollegiate athletic programs
1203.00 - Fringe Benefits Management	No		Not necessary for CSURMA, not involved in Intercollegiate athletic programs
1204.00 - Cheerleading	No		Not necessary for CSURMA, not involved in Intercollegiate athletic programs
1205.00 Group Travel	No		New (9/10/14):Not necessary for CSURMA, not involved in Intercollegiate athletic programs
1206.00 - Inventory Control of Athletic Equipment, Apparel and Gear	No		Not necessary for CSURMA, not involved in Intercollegiate athletic programs
1301.00 – Hospitality, Payment or Reimbursement of Expenses	Yes	CSURMA has hospitality expenses.	No change
3101.01 – Central Management of Cash and Investment	Yes	CSURMA is participating in CSU consolidated investment pool.	No change
3101.02 – Campus Administration of Systemwide Cash Management Policy	Yes	CSURMA Accounting notify Treasury of monies deposited electronically to or disbursed electronically from any CSU commercial bank account only when an individual transaction is equal to or exceeds \$200,000. Notifications to Treasury need to be made one business day prior to the transaction's settlement date.	No change
3102.01 – Sensitive Positions and Cash Handling	Yes	CO General Accounting handles the function on behalf of CSURMA.	No Change
3102.02 - Segregation of Cash Handling Duties	Yes	CO General Accounting handles the function on behalf of CSURMA.	No Change
3102.03 – Acceptance of Cash and Cash Equivalents	Yes	CO General Accounting handles the function on behalf of CSURMA.	No Change
3102.04 – Physical Protection of Cash and Cash Equivalents	Yes	CO General Accounting handles the function on behalf of CSURMA.	No Change
3102.05 – Debit/Credit Card Payment Policy	Yes	CSURMA Accounting currently doesn't handle debit/credit cards, but may in the future.	No Change
3102.06 – Returned Items	Yes	CO General Accounting handles the function on behalf of CSURMA.	No Change
3102.08 – Recording Deposits to the General Ledger	Yes	CSURMA Accounting records deposits to Blackbaud General Ledger with sufficient segregation of duties.	The policy is updated to clarify the segregation of duties requirements
3102.09 – Bank Reconciliations	Yes	CSURMA Accounting performs monthly Bank Reconciliation with sufficient segregation of duties	The policy is updated to clarify the segregation of duties requirements
3102.10 – Change Funds	Yes	CSURMA Accounting currently doesn't change funds, but may in the future.	No Change
3102.11 – Deposits and Transfers to the Bank	Yes	CO General Accounting handles the function on behalf of CSURMA.	No Change
3103.01 – Disbursements - General	Yes	CSURMA Accounting issues paper and electronic disbursements after received approval by ORM.	No affect on CSURMA -The policy has been updated to add Section 300 Vendor Deposits, previously under Policy 3103.05
3103.02 – Outgoing Payments – Electronic and Paper	Yes	CSURMA Accounting issues paper and electronic disbursements after received approval by ORM	No Change
3103.03 – Procurement Cards	N/A	CSURMA uses the CO's Procard program.	This policy is inactivated and superseded by Policy 5250.00 on 8/7/14
3103.04 – Corporate Cards	N/A	CSURMA uses the CO's Corporate Cards program.	This policy is inactivated and superseded by Policy 5251.00 on 8/7/14

Section & Policy	Adopted by CSURMA (yes/no)	Original Review Notes	Policy Updates
3103.05 – Payroll Payments Issued by AP	Yes	CSURMA Accounting records advance payments as prepaid expenses.	Previously titled: Advances, Deposits and Prepayments. The policy has been updated to only address payroll payments issued by Accounts Payable (AP). CO AP handles the function on behalf of CSURMA.
3103.11 – Petty Cash	Yes	CSURMA Accounting currently doesn't handle petty cash, but may in the future.	No Change
3130.01 – Accounts Receivable Management	Yes	Includes ICSUAM 3131.01 AR Collections, 3132.01 Write Off of Uncollectible AR, and Centralization of the AR functions	No Change
3131.01 – Accounts Receivable Collections	N/A	CSURMA Accounting handles AR recording and performs collection efforts of balances past due.	Combined with 3130.01
3132.01 – Write Off of Uncollectible Accounts Receivable	N/A	CSURMA adopted P&P No. 6	Combined with 3130.01
3150.01 – Administration of University Property	Yes	CO handles the function on behalf of CSURMA.	Amended 10/15/14 : CSURMA doesn't own property/equipment
3151.01 – Capital (Fixed) Assets Reporting to the State Controller's Office	N/A	CSURMA does not have any fixed assets and set up a separate fund, but may in the future.	This policy is inactivated and superseded by Policy 3150.01 in 7/25/14
3151.02 – Intangible Assets	N/A	CSURMA does not carry intangible assets, but may in the future.	This policy is inactivated and superseded by Policy 3150.01 in 7/25/14
3151.03 – Recording Gifts of Property	N/A	CSURMA does not receive gifts of property.	This policy is inactivated and superseded by Policy 3150.01 in 7/25/14
3151.04 – Equipment	N/A	CSURMA adopted P&P No. 16	This policy is inactivated and superseded by Policy 3150.01 in 7/25/14
3250.01 – Disposition of Lost, Unclaimed or Abandoned Property	Yes	CSURMA has no disposition of lost, unclaimed and abandoned property.	No Change
3250.02 – Disposition of Unclaimed Negotiable Instruments	Yes	CSURMA reviews outstanding checks monthly and contact the payees if over 60 days.	No Change
3552.01 – Cost Allocation / Reimbursement Plans for the CSU Operating Fund	Yes	CSURMA's cost allocation/recovery does not use CSU Operating Fund, but Cost Recovery Fund instead.	No Change
3601.01 – Travel Policy	Yes	CSURMA adopted CSU Travel Policy at the May BOD meeting.	New changes such as current mileage reimbursement rate of 57.5 cents, lodging cost maximum rate of \$195 effective 1/1/2015
3701.01 – Digital Signatures (renamed 8100.0 Electronic and Digital Signatures)	N/A		Inactive Policy - renamed to 8100.00.
3801.01 – Tax Administration	Yes	CSURMA tax compliance follows direction under SW Tax Administration.	No Change
Section 5000 – Contracts and Procurement	No		CSURMA does not involve competitive contracting/procurement.
5601.00 - Release of CSU-Owned Personal Property	N/A	CO handles the function on behalf of CSURMA.	Superseded by 3150.01: CSURMA adopted P&P No. 16 which has been complied to this ICSUAM policy.
7100.00 - Identity Access Management	Yes		New (4/28/14): This policy identifies the responsibilities of Campuses and the CO related to Identity and Access Management. CO IT handles the function on behalf of CSURMA.
8000.00 - Introduction and Scope	Yes	The CSU Information Security policy provides direction for managing and protecting the confidentiality, integrity and availability of CSU information assets. CO IT handles the function on behalf of CSURMA.	No Change
8005.00 – Policy Management	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8010.00 - Establishing an Information Security Program	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8015.00 - Organizing Information Security	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8020.00 - Information Security Risk Management	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8025.00 - Privacy of Personal Information	Yes	CSURMA uses Blackbaud to protect the privacy of claimants/cases and certification on the confidential form is in place.	No Change
8030.00 - Personnel Information Security	Yes	CSURMA uses Blackbaud to protect the privacy of claimants/cases and certification on the confidential form is in place.	No Change
8035.00 - Information Security Awareness and Training	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8040.00 - Managing Third Parties	Yes	CSURMA's third parties do not have access to Blackbaud.	No Change

Section & Policy	Adopted by CSURMA (yes/no)	Original Review Notes	Policy Updates
8045.00 - Information Technology Security	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8050.00 - Configuration Management	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8055.00 - Change Control	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8060.00 - Access Control	Yes	CSURMA uses Blackbaud to protect the privacy of claimants/cases and certification on the confidential form is in place.	No Change
8065.00 - Information Asset Management	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8070.00 - Information Systems Acquisition, Development and Maintenance	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8075.00 - Information Security Incident Management	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8080.00 - Physical Security	Yes	CO Public Safety handles the function on behalf of CSURMA.	No Change
8085.00 - Business Continuity and Disaster Recovery	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8090.00 - Compliance	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8095.00 - Policy Enforcement	Yes	CO IT handles the function on behalf of CSURMA.	No Change
8100.00 - Electronic and Digital Signatures	Yes	CSURMA does not use digital signatures, but may in the future.	No Change
8105.00 - Responsible Use Policy	Yes	CO IT handles the function on behalf of CSURMA.	No Change
Section 9000 - Capital Planning Design and Construction	No		CPDC is not applicable to CSURMA
Section 11000 - Sponsored Programs Administration	No		Sponsored Programs Administration is not applicable to CSURMA
Section 13000 - Auxiliary Organizations Administration	No		Auxiliary Organizations Administration is not applicable to CSURMA
Section 15000 - University Advancement	No		University Advancement is not applicable to CSURMA

Summary: Adopt 1101.00, 1301.00, 3000.00, 7100.00 & 8000.00

1101.00 | Delegation of Authority to Obligate the University

Effective Date: 10/24/2014

POLICY OBJECTIVE

It is the policy of the CSU that the development, execution, and management of contracts that obligate the CSU to perform functions, to participate in activities, or that provide access to CSU resources follow an explicit delegation of authority as authorized by the campus president.

POLICY STATEMENT

Contracts, agreements, interagency agreements, memorandum's of agreements, memorandum's of understandings, partnerships, alliances, collaborative agreements, or any relationships where the CSU is both acquiring goods or services or supplying (or exchanging) supplies goods, services, facilities, expertise, or other CSU assets and resources are considered Contracts under CSU policy.

All Contracts shall be evaluated as a normal course of campus operation for risk management issues and the overall cost of undertaking such activities. Campuses shall develop, maintain, and promulgate procedures for contract management in conformance with this Policy section, other sections of ICSUAM, CSU executive communications, and other CSU issued policy.

Recommendations related to the management, authority, and execution of contracts whereby the CSU is supplying (or exchanging) supplies goods, services, facilities, expertise, or other CSU assets under this subsection (except for sponsored programs, which is addressed in ICSUAM Section 11000) are provided below as guidelines.

**Office of the Executive Vice Chancellor
Business and Finance**

Approved: October 24, 2014

7100.00 | Identity Access Management

Effective Date: 4/28/2014

POLICY OBJECTIVE

The CSU Information Security Policies (§ 8000) require secure, reliable and timely methods to control access to information assets. Identity Access Management (IAM) is a framework that consists of governance, process, and technology to control access to information, systems, and physical resources using Electronic Identities. This policy identifies the responsibilities of CSU Campuses and the Chancellor's Office related to Identity and Access Management.

POLICY STATEMENT

100 Governance

CSU Campuses and the Chancellor's Office must establish an Identity and Access Management program. The Campus Identity and Access Management program must identify responsibilities for governance of electronic identity records and associated business processes.

Campus Identity and Access Management governance must encompass the full life cycle of identities and electronic identity records from creation through modification and revocation. Information authorities (Data Owners) must be identified for each affiliate type that is issued an electronic identity record. Each campus must maintain written procedures for managing campus issued electronic identity and associated account information.

Campus procedures must:

- identify authoritative data sources and data owners of identity information (e.g. CMS records),
- designate who can create and update identity information within an electronic identity record,
- ensure that identity records for active affiliates are accurate, complete, and contain current information, and changes are logged,
- and designate the individuals accountable for maintaining the integrity of the Identity Access Management System (IdAMS).

Campus governance decisions and standards related to identity management must adhere to systemwide IAM program definitions attached to this policy.

Each campus must participate in the CSUconnect Identity Federation, adhere to CSUconnect Federation standards, and maintain annual membership with InCommon.

200 Electronic Identity Records

Each CSU campus must maintain an authoritative Identity Registry (IR) that manages electronic identities, identity records, and associated account names. Electronic identities must be assigned to a real person and must never be reissued. User Accounts (e.g. Network ID) must be associated with a single Electronic Identity.

300 Electronic Credential Issuance and Identity Verification

Level of Assurance defines the procedures to establish the level of certainty between a unique person and their Electronic Identity. Every Electronic Identity record must have a level of assurance assigned to it. An Electronic Credential (e.g. an account with a secret password) is used to electronically authenticate a person's Identity. Credential issuance processes must meet the appropriate NIST Level of Assurance and must be done in accordance with the Access Control Policy (8060) and Standard.

400 Level of Assurance for Access Control

Use of Electronic Identity for access must follow the Access Control Policy and Standard (8060). The Identity verification and Electronic Credential issuance process must be consistent with NIST Level of Assurance (LOA) 2 before an Electronic Identity must be used to access Level 1 data and must be consistent with LOA 1 when used to access Level 2 data.

500 Affiliation

CSU systemwide affiliations are defined by systemwide Identity Access Management in coordination with the appropriate governing authority. Campus-wide affiliations must be defined through local campus governance. Changes in a person's affiliations and status must be accurately reflected in the IdAMS.

APPLICABILITY AND AREAS OF RESPONSIBILITY

This policy applies to the Chancellor's Office and all 23 CSU campuses.

REVISION HISTORY

RESOURCES AND REFERENCE MATERIALS

Useful Guidelines

Related Principles

Sound Business Practices

Laws, State Codes, Regulations and Mandates

CSURMA iVOS User Policy

The iVOS Liability system has been operational since 2006. Beginning in 2006, CSURMA implemented the following policies and procedures designed to restrict access to the iVOS Liability system.

System Administrator(s)

Administrative access to the iVOS Liability system is limited to individuals identified by CSURMA as being a system administrator. It is the responsibility of the system administrator to activate access for users, maintain user lists, and perform security functions.

Access Authorization

User access to the iVOS Liability system is restricted. User access is granted on a “read-only” basis. Access is provided only to the Campus Risk Manager and other campus personnel who are directly involved in claims/risk management for the campus. In order to grant access to campus personnel (other than the Campus Risk Manager), a written request (e.g., an e-mail) must be received from the Campus Risk Manager requesting and approving access for that person. The Campus Risk Manager is responsible for determining and verifying that the identified person has had appropriate and adequate training and has signed all necessary and required data confidentiality agreements.

The system administrator maintains a list of all persons to whom user access has been granted. The list is updated and changed throughout the year as the system administrator receives information concerning personnel changes. The Campus Risk Manager is responsible for notifying the system administrator about any change in a user’s employment status. In addition, the system administrator independently reviews the list of users on no less than an annual basis.

Password Protocol

The password protocol described below is utilized as a means of authentication control.

CSU iVOS User Policy – Password Security Settings

Controls	11/5/2009 Minimum Settings	3/1/2011 Revisions
minimumPasswordLength	8 characters	
passwordExpirePeriod	60 days	90 days (quarterly - CSU policy)
maximumInactiveDays	90 days	
minimumUppercaseChars	1 character	
minimumLowercaseChars	1 character	
minimumNumericChars	1 character	
minimumSpecialChars	0 characters	1 character (CSU policy)
maximumDuplicateCharsWithPrior	No more than 3 duplicate characters	No more than 6 duplicate characters
minimumPriorPasswords	12 prior passwords	
maximumFailedLoginAttempts	3 failed logins	
requireInitialPasswordChange	TRUE - initial password change	

(Document Origination Date: April 2013)

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

EXECUTIVE COMMITTEE RESOLUTION NO. 04-15 (EC)

Resolution Adopting Administrative Policies and Procedures

The Executive Committee of the California State University Risk Management Authority (“CSURMA”) finds and determines as follows:

1. CSURMA has engaged the Chancellor’s Office of the California State University to perform Accounting, General Counsel and Risk Management services.
2. The California State University has developed an Integrated CSU Administrative Manual that includes policies and procedures that will be beneficial to the operation of CSURMA for services provided by the Chancellor’s Office.

In consideration of the foregoing findings and determinations,

IT IS RESOLVED by the Executive Committee of the California State University Risk Management Authority as follows:

1. Except as more specifically addressed in a duly adopted CSURMA Policy and Procedure, the California State University Risk Management Authority does hereby adopt the policies and procedures in Section 3000 *General Accounting*, Section 8000 *Information Security*, Section 1301 *Hospitality, Payment or Reimbursement of Expenses*, Section 1101 *Delegation of Authority to Obligate the University*, and Section 7100 *Identity Access Management* of the Integrated CSU Administrative Manual as the operating policies and procedures of the CSURMA for services provided by the CSU Chancellor’s Office.
2. CSURMA staff shall at least annually review with the Executive Committee the applicable Integrated CSU Administrative Manual sections and any updates thereto.

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Executive Committee of the California State University Risk Management Authority held on March 20, 2015 which was approved by the following votes:

AYES, and in favor thereof, members: George Ashkar, Lisa Chavez, Robert de Wit, Lori Gentles, Linda Hawk, Mike Lee, Frank Mumford

NOES, members: None.


ABSTAIN, members: None.

ABSENT, members: Mike Thorpe



Linda Hawk
CSURMA Executive Committee Acting Chair

ATTEST:



Robert Eaton
CSURMA Secretary-Auditor

**CSURMA MASTER INVESTMENT POLICY AND RELATED
INVESTMENT POLICIES**

ISSUE: In accordance with Resolution 02-14 (BOD), at its March 19th meeting, the Executive Committee reviewed and approved amendments to the CSURMA Master Investment Policy.

RECOMMENDATION: No action is required; this item is for information only.

FISCAL IMPACT: None.

BACKGROUND: Staff will be available at the meeting to review the approved revisions.

PUBLICATION: The Resolution and Master Investment Policy have been uploaded to the CSURMA website.

ATTACHMENT(S):

- a. Master Investment Policy and related investment policies
- b. Resolution 03-15 (EC) – CSURMA Master Investment Policy and Related Investment Policies
- c. Resolution 02-14 (BOD) – Resolution to Adopt the CSURMA Master Investment Policy and Investment Policy for the Fixed Income Portfolio

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT
AUTHORITY (CSURMA)**

MASTER INVESTMENT POLICY

~~August 23~~March 23 2019, 20153

I. PURPOSE

The purpose of this master investment policy (MIP), and each of CSURMA’s other investment policies (collectively with the MIP, the “Policies”), is to provide a framework for the management of CSURMA assets. The Policies outline objectives, benchmarks, restrictions and responsibilities so that the Executive Committee of CSURMA (EC), officers, staff, consultants, investment managers, members and beneficiaries, and all CSURMA stakeholders clearly understand the objectives and policies of CSURMA’s investment program.

The Policies set forth the guidelines which the EC deems to be appropriate and prudent in consideration of the needs of and the legal requirements applicable to CSURMA’s investment program. The Policies provide criteria against which investment results will be measured and serve as a review document to guide ongoing operations and oversight. The Policies also are intended to ensure that the EC is fulfilling its fiduciary responsibilities in the management of CSURMA investments.

The EC intends for the Policies to be dynamic documents and will review them from time to time. Policies will be modified periodically to reflect the changing nature of CSURMA’s assets and investment programs, organizational objectives, and economic conditions.

In addition, within this MIP, the EC has delegated to the Treasurer of CSURMA (Treasurer) certain authorities that pertain to the ongoing management and administration of CSURMA assets and various investment programs.

II. STRATEGIC OBJECTIVES

The overall objective of the CSURMA investment program is to provide its stakeholders with an appropriate risk-adjusted return on assets available for investment. Because the primary source of CSURMA funding derives from the operations of the California State University (CSU) and because CSURMA has the authority to invest funds pursuant to California Government Code 6509.5, the EC has determined that CSURMA funds should be invested in a manner that draws from both the investment policy of the CSU, specifically, the sections labeled “Investment Policy Statement” and “Investment Authority” of the California State University Investment Policy (Attachment A), which are incorporated by reference into this MIP, as well as California Government Code 6509.5, specifically Section 53601.

Consistent with the California State University Investment Policy, when CSURMA Funds are invested, the primary objective shall be to safeguard the principal, the secondary objective shall be to meet liquidity needs, and the third objective shall be to provide an acceptable risk-adjusted return.

The EC also has the following objectives with respect to funds available for investment:

1. To ensure that CSURMA has, at all times, sufficient funds available to meet immediate liquidity needs.
2. To allow for the investment of funds not immediately needed for liquidity over a longer time horizon with the goal of providing the opportunity for greater risk-adjusted return.
3. To make periodic loans to CSU campuses or auxiliaries to mitigate potentially higher claims liability associated with certain situations.

III. INVESTMENT PORTFOLIOS

Based on the investment objectives, the EC has determined that CSURMA assets should be invested in three portfolios, each with its own investment policy. The three portfolios, along with target ranges are as follows:

<u>Portfolio</u>	<u>Target Range</u>
CSU Systemwide Investment Fund Trust (SWIFT)	25-33%
Fixed Income Portfolio (FIP)	67-75%
Loan Portfolio (to be included within the SWIFT allocation)	0-15%

The SWIFT Investment Policy is attached as Attachment B

The FIP Investment Policy is attached as Attachment C

The Loan Portfolio Policy, titled “Member Loans Policy and Procedure No. 10”, is attached as Attachment D

The EC recognizes that the SWIFT Portfolio and the SWIFT Investment Policy are under the control of the CSU and are not under the EC’s ability to modify.

IV. RESPONSIBILITIES

A. The EC’s responsibilities include, but are not limited to:

1. Acting as the investment committee for CSURMA.
2. Developing and adopting policies to achieve CSURMA’s strategic objectives.
3. Reviewing policy recommendations made by the Treasurer and staff.
4. Periodically reviewing and amending the Policies, as appropriate.

B. The Treasurer’s responsibilities include, but are not limited to:

1. Recommending policies for EC consideration.
2. Reviewing policy recommendations made by staff, investment consultants, and/or investment managers.

3. Periodically reviewing the Policies and recommending revisions, as appropriate.
4. Overseeing the engagement of CSU staff (to serve as CSURMA staff), investment consultants, investment managers, and other appropriate specialists.
5. Monitoring the portfolios' investments, risks, and performance.
6. Periodically, but at least annually, reporting to the EC on the portfolios' investments, risks, and performance.

The Treasurer may delegate responsibilities, as appropriate, to the ~~Senior Director~~Assistant Vice Chancellor of Financing, ~~and~~ Treasury and Risk Management of the CSU (~~Senior Director~~Assistant Vice Chancellor) in his/her capacity as staff to CSURMA.

Approved by the EC:
19, 2015~~3~~

~~September 13~~March

The California State University Investment Policy

The following investment guidelines have been developed for use when investing California State University funds.

Investment Policy Statement

The objective of the investment policy of the California State University (CSU) is to obtain the best possible return commensurate with the degree of risk that the CSU is willing to assume in obtaining such return. The Board of Trustees desires to provide the Chancellor and his designees with the greatest possible flexibility to maximize investment opportunities. However, as agents of the trustees, the Chancellor and his designees must recognize the fiduciary responsibility of the trustees to conserve and protect the assets of the portfolios, and by prudent management prevent exposure to undue and unnecessary risk.

When investing CSU funds, the primary objective of the CSU shall be to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the CSU. The third objective shall be to return an acceptable yield.

Investment Authority

The CSU may invest monies held in local trust accounts under Education Code Sections 89721 and 89724 in any of the securities authorized by Government Code Sections 16330 and 16430 and Education Code Section 89724 listed in Section A, subject to limitations described in Section B.

A. State Treasury investment options include:

- Surplus Money Investment Fund (SMIF)
- Local Agency Investment Fund (LAIF)
- State Agency Investment Fund (SAIF)

Eligible securities for investment outside the State Treasury, as authorized by Government Code Section 16430 and Education Code Section 89724, include:

- Bonds, notes or obligations with principal and interest secured by the full faith and credit of the United States;
- Bonds, notes or obligations with principal and interest guaranteed by a federal agency of the United States;

- Bonds or warrants of any county, city, water district, utility district or school district;
 - California State bonds, notes, or warrants, or bonds, notes, or warrants with principal and interest guaranteed by the full faith and credit of the State of California;
 - Various debt instruments issued by: (1) federal land banks, (2) Central Bank for Cooperatives, (3) Federal Home Loan Bank Bd., (4) Federal National Mortgage Association, (5) Federal Home Loan Mortgage Corporation, and (6) Tennessee Valley Authority;
 - Commercial paper exhibiting the following qualities: (1) “prime” rated, (2) less than 180 days maturity, (3) issued by a U.S. corporation with assets exceeding \$500,000,000, (4) approved by the PMIB. Investments must not exceed 10 percent of corporation’s outstanding paper, and total investments in commercial paper cannot exceed 30 percent of an investment pool;
 - Bankers’ acceptances eligible for purchase by the Federal Reserve System;
 - Certificates of deposit (insured by FDIC, FSLIC or appropriately collateralized);
 - Investment certificates or withdrawal shares in federal or state credit unions that are doing business in California and that have their accounts insured by the National Credit Union Administration;
 - Loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration;
 - Student loan notes insured by the Guaranteed Student Loan Program;
 - Debt issued, assumed, or guaranteed by the Inter-American Development Bank, Asian Development Bank or Puerto Rican Development Bank;
 - Bonds, notes or debentures issued by U.S. corporations rated within the top three ratings of a nationally recognized rating service;
- B. In addition to the restrictions established in Government Code Section 16430, the CSU restricts the use of leverage in CSU investment portfolios by limiting reverse repurchase agreements used to buy securities to no more than 20 percent of a portfolio.

Furthermore, the CSU:

- Prohibits securities purchased with the proceeds of a reverse repurchase from being used as collateral for another reverse repurchase while the original reverse repurchase is outstanding;
- Limits reverse repurchase agreements to unencumbered securities already held in the purchased with the proceeds of the repurchase (but in any event not more than one year) and;
- Limits reverse repurchase agreements to unencumbered securities already held in the portfolio.

Investment Reporting Requirements

Annually, the Chancellor will provide to the Board of Trustees a written statement of investment policy in addition to a report containing a detailed description of the investment securities held by the CSU, including market values.

(Approved by the CSU Board of Trustees in January 1997; and as amended in September 2011 and November 2013)

**Investment Policy for California State University Systemwide Investment Fund
Trust (SWIFT)
REVISED March 14, 2008**

The California State University Systemwide Investment Fund Trust (CSU SWIFT) has been created to facilitate the centralization of the investment management function on behalf of the California State University (CSU) System and its campuses, departments, auxiliaries, foundations, and other related entities. The following investment guidelines have been developed for management of the CSU SWIFT.

Statement of Investment Policy and Guidelines

When investing campus funds, the primary objective of the investment managers shall be to safeguard the principal. The secondary objective shall be to meet the liquidity need of the campus. The third objective shall be to return an acceptable yield.

The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that the CSU is willing to assume in obtaining such return.

Adherence to Policy Guidelines

CSU SWIFT assets are to be managed in accordance with the policy guidelines expressed herein, or expressed by separate written instructions when deviation is deemed prudent and desirable. Written instructions amending this policy document must be signed by the chair of the Investment Committee.

Discretionary Authority

The investment managers are expected to exercise complete investment discretion within the boundaries of the restrictions outlined in this Statement of Investment Policy and Guidelines. Such discretion includes decisions to buy, hold, or sell fixed income securities (including cash equivalents) in amounts and proportions reflective of the managers' current investment strategy.

Communication

The Committee encourages, and the investment managers are responsible for, frequent and open communication with the Committee on all significant matters pertaining to the investment of the assets for the SWIFT. These communications should generally be addressed to the Office of the Vice Chancellor, Business & Finance. In this manner, the Committee expects to be advised of any major changes in investment outlook, investment strategy, portfolio structure, or market value of the assets, and other substantive matters affecting the SWIFT. The Committee also expects to be informed of any significant

changes in the ownership, organizational structure, financial condition, or senior personnel staffing of the investment managers.

The Committee recognizes that the Statement of Investment Policy and Guidelines requires periodic examination and perhaps revision if it is to continue to serve as a working document to encourage effective investment management. Whenever the investment manager believes this Statement should be altered, it is the responsibility of the managers to initiate written communication to the Committee.

Benchmark

Returns of the portfolio will be measured against the Merrill Lynch 0-3 Year U.S. Treasury Index (G1QA).

Investment Authority

The CSU SWIFT may invest in any of the securities authorized by government Code Section 16430 listed in Section A and Code Section 53601.

Securities eligible for investment include;

- Bonds, notes or obligations with principal and interest secured by the full faith and credit of the United States; (no limitations)
- Bonds, notes or obligations with principal and interest guaranteed by a federal agency of the United States; (no limitations)
- Bonds or warrants of any county, city, water district, utility district or school district of the state of California; No issuer with a rating below A-/A3 is allowed; (no one issuer to exceed 5% of the portfolio)
- California State bonds or bonds with principal and interest guaranteed by the full faith and credit of the State of California; (no one issue to exceed 5%); (not to exceed 25% of portfolio)
- Obligations of the campus members authorized by California Education Code Section 89760(a).
- Various debt instruments issued by: (1) Federal Land Banks (FFCB), (2) Central Bank for Cooperatives, (3) Federal Home Loan Bank (FHLB), (4) Federal National Mortgage Association (FNMA), (5) Federal Home Loan Mtg. Corp. (FHLMC), and (6) Tennessee Valley Authority (TVA); (no one issuer to exceed 25% of the portfolio)
- Mortgage Pass-Through Securities issued by GNMA, FNMA and FHLMC; (not to exceed 20% of the portfolio)
- Collateralized Mortgage Obligations issued by GNMA, FNMA and FHLMC which at time of purchase pass the FFIEC test; (not to exceed 20% of the portfolio)

- Asset Backed Securities which are rated Aaa by Moody's, AAA by Standard and Poor's, or AAA by Fitch with no rating below the top investment rating. Issuer will be rated at least single A; (no one issuer to exceed 5% of the portfolio); (not to exceed 20% of the portfolio)
- Commercial paper exhibiting the following qualities: (1) "prime" rated, (2) less than 180 days maturity, (3) issued by a U.S. corporation with assets exceeding \$500,000,000. Investments must not exceed 10 percent of corporation's outstanding paper, and total investments in commercial paper cannot exceed 30% of an investment pool. Notwithstanding the above, no one issuer to exceed 5% of the portfolio. In addition, A-2/P-2/F-2 commercial paper will be limited to no more than 10% of the portfolio and limited in maturity to 14 days. No purchase will be made of paper rated below A-2/P-2/F-2; (not to exceed 30% of portfolio)
- Banker's acceptances eligible for purchases by the Federal Reserve System; Issuer's will be rated A-1/P-1 or F-1 with no rating below that level; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Certificates of deposit (insured by FDIC, or appropriately collateralized); (not to exceed FDIC insurance limits)
- Investment certificates or withdrawal shares in federal or state credit unions that are doing business in California and that have their accounts insured by the National Credit Union Administration; (not to exceed NCUA insurance limits)
- Negotiable certificates of deposit and bank notes which are rated A-1/P-1 or F-1 if short-term or A- by S&P, A3 by Moody's or A- by Fitch in both cases with no rating below those levels; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration; (no limitations)
- Student Loan Notes insured by the Guaranteed Student Loan Program; (no limitations)
- Debt issued, assumed, or guaranteed by the Inter-American Development Bank or Puerto Rican Development Bank; (no limitations)
- Bonds, notes or debentures (including medium-term notes) issued by U.S. Corporations rated within the top three ratings of a nationally recognized rating service. No issuer with a rating below A3/A- is allowed; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Repurchase Agreements. Repurchase agreements with banks and dealers with which the CSU System, or its agents on its behalf, has entered into a master repurchase contract which specifies terms and conditions or repurchase agreements, and are fully collateralized by delivery to an independent third party custodian for the CSU's System's account or to the CSU's custodian. In order to conform with provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, only those marketable securities eligible for investment by the

CSU System are permitted as collateral. Treasuries, Agencies and eligible money market instruments will be collateralized at 102%. Corporates and other eligible collateral will be collateralized at 105%. Repurchase Agreements will be conducted exclusively with primary dealers. Repurchase Agreements may not exceed 90 days.

- Reverse Repurchase Agreements. The CSU limits reverse repurchase agreements to unencumbered securities already held in the portfolio. The CSU prohibits securities purchased with the proceeds of a reverse repurchase agreement from being used as collateral for another reverse repurchase while the original reverse repurchase is outstanding. Securities subject to a reverse repurchase agreement must have been owned a minimum of 30 days before being delivered in a reverse repurchase agreement. The total of all securities sold on reverse repurchase agreements will not exceed 20% of the market value of the portfolio. Reverse repurchase agreement will not exceed 92 days.
- Money Market Mutual Funds. Money market mutual funds registered with the Securities and Exchange Commission and rated AAA/Aaa by no less than two NRSROs.
- 144A Securities. 144A securities are allowed to be purchased and held in the portfolio; (not to exceed 20% of the portfolio).

Duration Guidelines

The maximum maturity of any security will be 5 years.

The maximum average duration of the portfolio will be 2 years.

For issues that trade to a weighted-average-life (WAL), the WAL will be used as the effective maturity for duration measurement and for maximum maturity constraints.

For issuers with variable interest rates, the reset date will be used as the effective maturity for duration measurement purposes and the legal final maturity date will be used for maximum maturity constraints.

All maturity and duration constraints are measured from trade date.

Concentration/Diversification Guidelines

All concentration guidelines are measured at the time of purchase with the exception of commercial paper which must be less than 30% at all times.

Concentration Limitations:

<u>Security Type</u>	<u>Issuer</u>	<u>Sector</u>
Obligations backed by the full faith and credit of the U.S Government	100%	100%
Obligations guaranteed by a federal agency of the U.S. Government	100%	100%
California Municipal Obligations	5%	100%
Obligations of the State of California	5%	25%

<u>Security Type</u>	<u>Issuer</u>	<u>Sector</u>
Obligations of campus members authorized under Code Section 89760a	100%	100%
Government-Sponsored Entities (FFCB, FHLB, FNMA, FHLMC, TVA)	25%	100%
Mortgage Pass-Through Securities issued by GNMA, FNMA FHLMC*	20%	20%
Collateralized Mortgage Obligations issued by GNMA, FNMA, FHLMC*	20%	20%
Asset-Backed Securities*	5%	20%
Commercial Paper	5%	30%
Banker's Acceptances	5%	30%
Certificate's of Deposit (insured by FDIC or properly collateralized)	\$100k	100%
Investment Cert. in federal or state credit unions (insured by NCUA)	\$100k	100%
Negotiable Certificates of Deposit	5%	30%
Obligations of the SBA or FHA	100%	100%
Student Loan Notes insured by the Guaranteed Student Loan Program	100%	100%
Obligations guaranteed by the Inter-Amer. Dev. Bank or Puerto Rico Dev.	100%	100%
Corporate Obligations	5%	30%
Repurchase Agreements	5%	100%
Reverse Repurchase Agreements	5%	20%
Money Market Funds	10%	20%

* Mortgage Pass-Through Securities, Collateralized Mortgage Obligations and Asset-Backed Securites may not exceed 20% of the portfolio in aggregate.

For ABS issuers, securities issued by the same originator with different collateral types will not be aggregated at the issuer level for concentration measurement purposes.

Reporting

The Committee expects the Custody Bank to provide access to daily reports of the SWIFT via its online portal to CSU Office of the Chancellor staff, the respective investment managers, and other members of the Investment Committee as directed. Additionally, monthly reports will be provided by the Custody Bank highlighting the respective portfolios of each investment manager and the aggregate portfolio. These reports will include portfolio activity, market valuations, sector metrics, affirmation of compliance, and performance relative to agreed upon benchmarks. If a meeting is scheduled with the Committee, the reports should be received at least one week in advance of the meeting date.

Compliance with Prudence and Diversification Measures

As fiduciary, the investment managers are expected to diversify the portfolio to preserve the principal of the SWIFT assets. If diversification is deemed not to be prudent, the manager must communicate this decision to the Chair of the Investment Committee immediately. The manager is expected to invest the SWIFT assets with ease, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with such aims.

All restrictions, minimum ratings requirements and diversification limitations pertain to the account at the time of purchase. In the event of a downgrade of any security to a level where the new rating would not comply with the minimum rating for new purchases of a similar asset, or a limitation being breached due to a change in portfolio size, the Investment Manager shall notify CSU.

Evaluation and Review

The objective of the evaluation and review process is to monitor the progress of the SWIFT assets in achieving the overall investment objectives. Performance will be measured and reviewed periodically by the Investment Committee. Particular attention will be directed toward determining whether:

- * the funds are achieving their stated objectives,
- * the investment managers are adhering to the guidelines set forth herein,
- * the investment managers are adhering to its stated philosophy and style,
- * the overall policies and objectives continue to be appropriate, reasonable and achievable.

**Investment Policy for the California State University Risk Management Authority
Fixed Income Portfolio
Marchy 19, 20154**

The Organization

The California State University Risk Management Authority (CSURMA) is an association of the California State University (CSU) and auxiliary organizations joined to protect member resources by providing broad coverage and quality risk management services that stabilize risk cost in a reliable, economical and beneficial manner.

History

The Chancellor's Office staff and representatives of auxiliary organizations within the CSU have developed a systematic approach to managing risk exposures across CSU campuses.

On January 1, 1997, the CSURMA was formed by the CSU and those qualified auxiliary organizations of the CSU that opted to join with intentions to participate in the risk management programs to be offered by the CSURMA.

Scope of This Investment Policy

The assets governed by this investment policy statement are funds held for investment in the CSURMA Fixed Income Portfolio (FIP). In meeting the investment needs of the FIP, the general principles of modern portfolio theory will be followed. In doing so, the FIP will be constructed in a way that maximizes expected return for a given level of risk.

Cash flow requirements are not expected of the FIP being managed under this policy statement. However, in the event cash flow is required, it will be met on a total return basis. The following investment guidelines have been developed for management of the FIP.

Statement of Investment Policy and Guidelines

When investing CSURMA funds, the primary objective of the investment manager(s) (IM) for the FIP shall be to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the CSURMA. The third objective shall be to return an acceptable yield.

The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that the CSURMA is willing to assume in obtaining such return.

Delegation of Authority

The Executive Committee of CSURMA (EC) is a fiduciary, and is responsible for directing and monitoring the investment management of FIP assets. As such, the EC is authorized to delegate certain responsibilities to officers and/or staff of CSURMA, as well as professional experts in various fields. These include, but are not limited to:

1. **Treasurer of the CSURMA.** The Treasurer of CSURMA (Treasurer) is responsible for the ongoing general management of the FIP. The Treasurer may delegate, as appropriate, authority contained in this policy statement to the ~~Senior Director~~Assistant Vice Chancellor, Financing, and Treasury and Risk Management of the CSU. Duties include, but are not limited to, the following:
 - Selection and retention of outside IM as the investment policy dictates. *The Treasurer acts with the EC's authority in all matters relating to IM selection.*
 - Review performance of the FIP to stated objectives. Review and monitor performance of the IM.
 - Determine if overall policies and objectives continue to be appropriate and reasonable and make recommendations to the EC as necessary.
2. **Investment Consultant.** The consultant acts as a discretionary advisor to the Treasurer and may assist the Treasurer in: establishing investment policy, objectives, and guidelines; selecting IMs; reviewing such IMs over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
3. **Investment Manager (IM).** The IM has discretion to purchase, sell, or hold the specific securities that will be used to meet the FIP's investment objectives.
4. **Custodian.** The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the FIP, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the FIP accounts.
5. **Additional specialists.** Additional specialists such as attorneys, auditors, actuaries, trust administrators, and others may be employed by the Treasurer to assist in meeting his/her responsibilities and obligations to administer FIP assets prudently.

The Treasurer will not reserve any control over the day-to-day investment decisions. The IM will be held responsible and accountable to achieve the objectives stated in this policy statement. While it is not believed that the limitations in this policy statement will hamper the IM, the IM should request modifications to this policy statement that they deem appropriate. All expenses for experts must be customary and reasonable, and will be paid out of FIP assets and deducted before returns are calculated to meet

objectives. Goals and objectives must be accomplished net of all expenses necessary to operate and manage the FIP assets.

Adherence to Policy Guidelines

CSURMA assets are to be managed in accordance with the policy guidelines expressed herein, or expressed by separate written instructions when deviation is deemed prudent and desirable. Written instructions amending this policy document must be signed by the Treasurer or his/her delegate.

Discretionary Authority

The IM is expected to exercise complete investment discretion within the boundaries of the restrictions outlined in this statement of investment policy. Such discretion includes decisions to buy, hold, or sell fixed income securities (including cash equivalents) in amounts and proportions reflective of the IM's current investment strategy.

Communication

The Treasurer encourages, and the IM is responsible for, frequent and open communication with the Treasurer and/or his/her delegate on all significant matters pertaining to the investment of the assets for the FIP. These communications should generally be addressed to the Treasurer. In this manner, the Treasurer and/or his/her delegate expects to be advised of any major changes in investment outlook, investment strategy, portfolio structure, or market value of the assets, and other substantive matters affecting the FIP. The Treasurer and/or his/her delegate also expects to be informed of any significant changes in the ownership, organizational structure, financial condition, or senior personnel staffing of the IM and/or investment consultants.

The Treasurer recognizes that this statement of investment policy requires periodic examination and perhaps revision if it is to continue to serve as a working document to encourage effective investment management. Whenever the IM believes this statement of investment policy should be altered, it is the responsibility of the IM to initiate written communication to the Treasurer or his/her delegate.

Benchmark

The benchmark of the FIP shall be the Barclays U.S. Intermediate Government / Credit (G/C) – A or Better Index.

Rating

In all instances, when the term “rating” is used, it denotes a specific rating and not a rating category.

Quality

1. The minimum quality of an asset at time of purchase should be “A-” or better by one nationally recognized statistical rating organization (NRSRO) notwithstanding particular asset rating limitations below.-
2. Highest rating of at least one NRSRO shall apply in the case of split rating.
3. The weighted average quality of the portfolio should be AA or better.
4. Money Market Funds selected shall contain securities whose credit rating at purchase would be rated investment grade by Standard and Poors, Moody's, or Fitch.

Investment Authority

The FIP may invest in any of the securities authorized by Government Code Section 16430 or Government Code Section 53601. Securities eligible for investment include:

- Bonds, notes or obligations of the United States, or those with principal and interest secured by the full faith and credit of the United States; (no limitations)
- Bonds, notes or obligations with principal and interest guaranteed by a federal agency of the United States; (no limitations)
- Bonds or warrants of any county, city, water district, utility district or school district of the state of California; (no one issuer to exceed 5% of the portfolio)
- California State bonds, notes, or warrants, or those with principal and interest guaranteed by the full faith and credit of the State of California; (no one issue to exceed 5%); (not to exceed 25% of portfolio)
- Various debt instruments issued by: (1) Federal Land Banks (FFCB), (2) Central Bank for Cooperatives, (3) Federal Home Loan Bank (FHLB), (4) Federal National Mortgage Association (FNMA), (5) Federal Home Loan Mtg. Corp. (FHLMC), and (6) Tennessee Valley Authority (TVA); (no one issuer to exceed 25% of the portfolio)
- Mortgage Pass-Through Securities issued by GNMA, FNMA and FHLMC; (not to exceed 20% of the portfolio)
- Collateralized Mortgage Obligations issued by GNMA, FNMA and FHLMC which at time of purchase pass the FFIEC test; (not to exceed 20% of the portfolio)
- Asset Backed Securities up to a maximum maturity of five years that are rated at least Aa3 by Moody's, AA- by Standard and Poor's, or AA- by Fitch with no rating below that

level. Issuer will be rated at least single A; (no one issuer to exceed 5% of the portfolio); (not to exceed 20% of the portfolio)

- Commercial paper exhibiting the following qualities: (1) "prime" rated, (2) less than 181 days maturity, (3) issued by a U.S. corporation with assets exceeding \$500,000,000. Investments must not exceed 10 percent of corporation's outstanding paper, and total investments in commercial paper cannot exceed 30% of an investment pool. Notwithstanding the above, no one issuer to exceed 5% of the portfolio. In addition, A-2/P-2/F-2 commercial paper will be limited to no more than 10% of the portfolio and limited in maturity to 14 days. No purchase will be made of paper rated below A-2/P-2/F-2; (not to exceed 30% of portfolio)
- Banker's acceptances eligible for purchases by the Federal Reserve System; Issuer's will be rated A-1, P-1, or F-1 with no rating below that level; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Certificates of deposit (insured by FDIC, or appropriately collateralized); (not to exceed FDIC insurance limits)
- Investment certificates or withdrawal shares in federal or state credit unions that are doing business in California and that have their accounts insured by the National Credit Union Share Insurance Fund; (not to exceed NCUSIF insurance limits)
- Negotiable certificates of deposit and bank notes issued by FDIC insured banks that are rated A-1, P-1, or F-1 if short-term, or A- by S&P, A3 by Moody's, or A- by Fitch, in both cases with no rating below those levels; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration; (no limitations)
- Student Loan Notes insured by the Guaranteed Student Loan Program; (no limitations)
- Debt issued, assumed, or guaranteed by the Inter-American Development Bank or Government Development Bank for Puerto Rico; (no limitations)
- Bonds, notes or debentures with a maximum remaining maturity of five years or less issued by U.S. Corporations rated at least A by S&P, A2 by Moody's, or A by Fitch, with no rating below that level; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Repurchase Agreements. Repurchase agreements with banks and dealers with which the CSURMA, or its agents on its behalf, has entered into a master repurchase contract which specifies terms and conditions or repurchase agreements, and are fully collateralized by delivery to an independent third party custodian for the FIP's account or to the FIP's custodian. In order to conform with provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, only those marketable securities eligible for investment by the FIP are permitted as collateral. Treasuries, Agencies and eligible money market instruments will

be collateralized at 102%. Corporates and other eligible collateral will be collateralized at 105%. Repurchase Agreements will be conducted exclusively with primary dealers. Repurchase Agreements may not exceed 90 days.

- Reverse Repurchase Agreements. The FIP limits reverse repurchase agreements to unencumbered securities already held in the portfolio. The FIP prohibits securities purchased with the proceeds of a reverse repurchase agreement from being used as collateral for another reverse repurchase while the original reverse repurchase is outstanding. Securities subject to a reverse repurchase agreement must have been owned a minimum of 30 days before being delivered in a reverse repurchase agreement. The total of all securities sold on reverse repurchase agreements will not exceed 20% of the market value of the portfolio. Reverse repurchase agreement will not exceed 92 days.

- Money Market Mutual Funds. Money market mutual funds registered with the Securities and Exchange Commission and rated AAA/Aaa by no less than two NRSROs.

- 144A Securities. 144A securities are allowed to be purchased and held in the portfolio; (not to exceed 20% of the portfolio).

Duration Guidelines

The duration of the portfolio will be targeted within -1 or +1 of the duration of the Lehman Brothers Intermediate Government / Credit Bond Index.

For issues that trade to a weighted-average-life (WAL), the WAL will be used as the effective maturity for duration measurement and for maximum maturity constraints.

For issuers with variable interest rates, the reset date will be used as the effective maturity for duration measurement purposes and the legal final maturity date will be used for maximum maturity constraints.

All maturity and duration constraints are measured from trade date.

Concentration/Diversification Guidelines

All concentration guidelines are measured at the time of purchase with the exception of commercial paper which must be less than 30% at all times.

Concentration Limitations:

<u>Security Type</u>	<u>Issuer</u>	<u>Sector</u>
Obligations backed by the full faith and credit of the U.S Government	100%	100%
Obligations guaranteed by a federal agency of the U.S. Government	100%	100%
California Municipal Obligations	5%	100%
Obligations of the State of California	5%	25%

<u>Security Type</u>	<u>Issuer</u>	<u>Sector</u>
Government-Sponsored Entities (FFCB, FHLB, FNMA, FHLMC, TVA)	25%	100%
Mortgage Pass-Through Securities issued by GNMA, FNMA FHLMC*	20%	20%
Collateralized Mortgage Obligations issued by GNMA, FNMA, FHLMC*	20%	20%
Asset-Backed Securities*	5%	20%
Commercial Paper	5%	30%
Banker's Acceptances	5%	30%
Certificates of Deposit (insured by FDIC or properly collateralized)	\$250k	100%
Share Certificates in federal or state credit unions (insured by NCUSIF)	\$250k	100%
Negotiable Certificates of Deposit	5%	30%
Obligations of the SBA or FHA	100%	100%
Student Loan Notes insured by the Guaranteed Student Loan Program	100%	100%
Obligations guaranteed by the Inter-Amer. Dev. Bank or Puerto Rico Dev.	100%	100%
Corporate Obligations	5%	30%
Repurchase Agreements	5%	100%
Reverse Repurchase Agreements	5%	20%
Money Market Funds	10%	20%

* Mortgage Pass-Through Securities, Collateralized Mortgage Obligations and Asset-Backed Securities may not exceed 20% of the portfolio in aggregate.

For ABS issuers, securities issued by the same originator with different collateral types will not be aggregated at the issuer level for concentration measurement purposes.

Reporting

The Treasurer expects the Custodian to provide access to daily reports of the FIP via its online portal to CSU Office of the Chancellor staff, the IM, and other members of the EC as directed. Additionally, monthly reports will be provided by the Custodian for the FIP. These reports will include portfolio activity, market valuations, sector metrics, affirmation of compliance, and performance relative to agreed-upon benchmarks. If a meeting is scheduled with the Treasurer or his/her delegate, the reports should be received at least one week in advance of the meeting date.

The Investment Consultant shall furnish the Treasurer and/or his/her delegate with a quarterly account review detailing investment performance in addition to a listing of portfolio holdings within the FIP. The Investment Consultant shall also supply timely

information concerning changes in the IM's investment philosophy, management strategy, or ownership and key personnel. In addition, the Investment Consultant must supply the Treasurer and/or his/her delegate with quarterly reports that provide information and analyses necessary for the EC to fulfill its fiduciary responsibility.

Compliance with Prudence and Diversification Measures

As fiduciary, the IM is expected to diversify the portfolio to preserve the principal of the FIP assets. If diversification is deemed not to be prudent, the IM must communicate this decision to the Treasurer or his/her delegate immediately. The IM is expected to invest the FIP assets with ease, skill, prudence, and diligence under the circumstances ~~then~~ then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with such aims.

All restrictions, minimum ratings requirements and diversification limitations pertaining to the account are applicable at the time of purchase. In the event of a downgrade of any security held in the account to a level where the ~~new~~updated rating would not comply with the minimum rating for new purchases of a similar asset, or a limitation being breached due to a change in portfolio size, the IM shall notify the Treasurer, the Treasurer's delegate, and/or the Investment Consultant.

Evaluation and Review

The objective of the evaluation and review process is to monitor the progress of the FIP assets in achieving the overall investment objectives. Performance will be measured and reviewed periodically by the Treasurer and/or his/her delegate. Particular attention will be directed toward determining whether:

- * the FIP is achieving its stated objectives,
- * the IM is adhering to the guidelines set forth herein,
- * the IM is adhering to its stated philosophy and style,
- * the overall policies and objectives continue to be appropriate, reasonable and achievable.



CSURMA

POLICY AND PROCEDURE NO. 10

ADOPTED: May 9 , 2013 (AMENDED)
EFFECTIVE: JULY 1, 2013
SUBJECT: MEMBER LOANS

Should there be any discrepancy between this document and either the JOINT POWERS AGREEMENT or BYLAWS, the JOINT POWERS AGREEMENT and BYLAWS will govern.

POLICY:

It is the policy of CSURMA that, upon recommendation of the Treasurer, the Executive Committee may approve a CSURMA Member Loan (“Loan”) to a Campus or AORMA Member (“Member”) pursuant to the procedures described herein. No new Loan shall be granted without a determination that CSURMA has sufficient funds such that the proposed Loan would not impair CSURMA’s ongoing operations. Loans shall only be granted upon a finding by the Treasurer that the Member has exhausted alternative sources of funding and that a Loan is in the best interests of the University and is expected to mitigate financial and/or other risks.

PROCEDURE:

The following procedures shall be followed in administration of the Loan program:

- 1. Amount Available for Loan** – The amount available for Loans shall not exceed 15% of the overall average cash and investment balance for the preceding 12 months. No new Loan shall be initiated by the Treasurer without determining that the proposed loan will fall within the 15% limit and that CSURMA will maintain adequate funds to cover its cash needs following the loan. In the interest of fairness, Loans to a single Member’s campus (inclusive of its associated AORMA member) shall not exceed 5% of the overall average cash and investment balance for the preceding 12 months.
- 2. Payment Period and Rate:** All loans must be repaid within 5 (five) years. All loans require amortization of principal and interest to be included in the loan repayment period. Upon maturity, members may reapply if continued financing is needed and at the approval of the Executive Committee.

Interest rate shall be at least equivalent to the investment income rate that CSURMA would have earned if the funds had instead been invested during the same calculation period.

- 3. Member Loan Request** – A member seeking a Loan shall submit to the Treasurer a written request describing the amount, purpose, proposed terms, repayment schedule and source of repayment for the requested Loan. The request shall describe what steps the Member has taken to secure alternate financing and why the Member is seeking a Loan from CSURMA. If a general obligation pledge is proposed, then that Member must also show adequate cash flow

from a specific funding source or adequate reserves to make the debt service payments during the term of the loan. The member must also state the financial and/or risk that will be mitigated as a result of the approval of this loan.

- 4. Treasurer's Review and Recommendation** - The Treasurer shall review the Loan request, evaluate if alternate financing instruments should be consider and seek approval from the Executive Vice Chancellor/CFO to make a determination. If a favorable determination is made, the Treasurer shall recommend to the Executive Committee the proposed Loan including the terms and conditions.
- 5. Executive Committee Action** – At duly noticed meeting, the Executive Committee shall take action on the Treasurer's recommendation. If the proposed Loan is to be approved, such approval shall be memorialized by directing the Treasurer to prepare the loan note for signature by CSURMA Chair, Secretary, Treasurer and borrowing member.
- 6. Administration of Member Loans** – The Treasurer shall direct CSURMA Accounting to transfer funds, calculate interest, collect repayment proceeds and prepare reports on the status of outstanding loans. Any failure to make timely payments or proposed change in terms or conditions shall be reported by the Treasurer to the Executive Committee for review and action at their next regularly scheduled meeting.

CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

**EXECUTIVE COMMITTEE
RESOLUTION NO. 03-15 (EC)**

**Resolution to Adopt the California State University Risk Management Authority Master
Investment Policy and Related Investment Policies**

The Executive Committee of the California State University Risk Management Authority (CSURMA) finds and determines as follows:

- (a) Section 4.3 of the Bylaws of the CSURMA provides that the Executive Committee establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.
- (b) It is the desire of the Executive Committee that, when investing funds, the investment objectives, in order of importance, shall be to safeguard the principal through sufficient number and diversity of investments; provide adequate liquidity to meet normal cash needs, scheduled extraordinary cash needs, and unforeseen cash needs; and maintain a constant rate of return representative of current market yield direction.
- (c) Significant effort and energy has been expended in the creation and maintenance of the investment policies of the CSURMA, which is designed to meet those objectives.
- (d) Pursuant to California Government Code Section 53646(a)(2) the Treasurer of the CSURMA shall annually render to the Executive Committee an Investment Policy for review.
- (e) The Executive Committee has reviewed the CSURMA Master Investment Policy and related policies and finds that they reasonably set forth the procedure, guidelines, and criteria for the operation of the investment program of the CSURMA.

In consideration of the foregoing findings and determinations, IT IS RESOLVED by the Executive Committee of the California State University Risk Management Authority as follows:

- (1) Treasurer of the California State University Risk Management Authority is directed to adopt the California State University Risk Management Authority Master Investment Policy and related policies, as the Investment Policies of the California State University Risk Management Authority per the attached documents and annually present them to the Executive Committee for review and amendment as necessary.

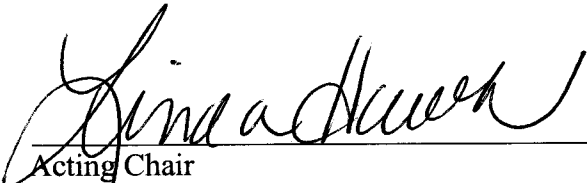
I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Executive Committee of the California State University Risk Management Authority held on the 19th day of March, 2015 which was approved by the following vote:

AYES, and in favor thereof, members: George Ashkar, Lisa Chavez, Robert de Wit, Lori Gentles, Linda Hawk, Frank Mumford

NOES, members: None

ABSTAIN, members: ~~None~~ Mike Lee

ABSENT, members: ~~Mike Lee~~, Mike Thorpe



Acting Chair
Linda Hawk

ATTEST:



Secretary-Auditor

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**BOARD OF DIRECTORS
RESOLUTION NO. 02-14 (BOD)**

**Resolution to Adopt the California State University Risk Management Authority Master
Investment Policy and Investment Policy for the Fixed Income Portfolio**

The Board of Directors of the California State University Risk Management Authority (CSURMA) finds and determines as follows:

- (a) Section 4.3 of the Bylaws of the CSURMA provides that the Executive Committee establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.
- (b) It is the desire of the CSURMA Board of Directors that, when investing funds, the investment objectives, in order of importance, shall be to safeguard the principal through sufficient number and diversity of investments; provide adequate liquidity to meet normal cash needs, scheduled extraordinary cash needs, and unforeseen cash needs; and maintain a constant rate of return representative of current market yield direction.
- (c) Significant effort and energy has been expended in the creation and maintenance of the investment policies of the CSURMA, which is designed to meet those objectives.
- (d) Pursuant to California Government Code Section 53646(a)(2) the Treasurer of the CSURMA shall annually render to the Executive Committee an Investment Policy for review.
- (e) The Executive Committee has reviewed the California State University Risk Management Authority Master Investment Policy and Investment Policy for the Fixed Income Portfolio and finds that they reasonably set forth the procedure, guidelines, and criteria for the operation of the investment program of the California State University Risk Management Authority.

In consideration of the foregoing findings and determinations, IT IS RESOLVED by the Board of Directors of the California State University Risk Management Authority as follows:

- (1) The Treasurer of the California State University Risk Management Authority is directed to adopt the California State University Risk Management Authority Master Investment Policy and related policies, including changing the benchmark of the Fixed Income Portfolio from Barclay's U.S. Intermediate Government-Credit Index to Barclay's U.S. Intermediate Government-Credit – A or Better Index, as the Investment Policies of the California State University Risk Management Authority per the attached documents and annually present them to the Executive Committee for review and amendment as necessary.

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Board of Directors of the California State University Risk Management Authority held on the 9th day of May, 2014 which was approved by the following vote:

AYES, and in favor thereof, members:

NOES, members:

ABSTAIN, members:

ABSENT, members:



Chair

Cynthia Teniente-Matson

ATTEST:



Secretary-Auditor

Robert Eaton

WORKERS' COMPENSATION PROGRAM CLAIMS CLOSURE INITIATIVE UPDATE

ISSUE: At the May, 2014 CSURMA Board of Directors meeting, the Workers' Compensation Claims Closure Initiative was approved. The project began on a pilot basis, focusing on Southern California files. This project known as Double Play is a collaborative effort that engages a team of Workers' Compensation professionals to evaluate and strategize old, costly or problematic Workers' Compensation claims for resolution and/or enhanced employee care.

Staff recommended at the Executive Committee meeting on March 20, 2015 continuing this program. Once the previously approved \$50,000 limited is reached, it was recommended that subsequent legal fees from Corey Ingber be allocated directly to the claim file for reimbursement. The Executive Committee requested a proposal on how to go forward with this program. This will be discussed at the May Executive Committee meeting.

RECOMMENDATION: This item is for information only; no action is requested.

FISCAL IMPACT: To date \$31,775 has been incurred in additional legal fees. \$50,000 was initially authorized by the CSURMA Board of Directors in May, 2014 for the project. Once the previously allocated \$50,000 is exhausted, it is anticipated that the annual anticipated Double Play cost will be \$64,000 or \$2,000 per workers' compensation claim.

BACKGROUND: The Double Play team includes:

- Corey Ingber – Workers' Compensation defense attorney who is acting as an external reviewer to direct action plans that will facilitate resolution
- Zachary Gifford – CSU Systemwide Director of Risk Management
- Jacki Graf – Workers' Compensation subject matter expert
- Sedgwick Team – Operations Manager, Supervisor, Examiner
- Defense Attorney – if assigned
- Campus Workers' Compensation Coordinator – invited to claim discussion

Since program inception in September 2014, 18 claims have been reviewed by Mr. Ingber and discussed in a collaborative round table session with key claims personnel. Round table sessions have taken place on 9/4/14, 10/16/14, 1/28/15 and 2/19/15. While no claims have been settled to date, these sessions have resulted in new strategies to (1) combat excessive drug utilization and

medical costs, (2) maintain physician control, and (3) get the parties in a position where a settlement discussion is possible.

We have found these reviews and discussions to be helpful in raising the technical skill set of the examiners, have provided alternative strategies for the attorneys handling the cases, and have resulted in movement in a positive direction to claim resolution.

One such strategy resulted in a significant cost savings. The initial Medicare Set Aside projection was \$446,000. Through actions directed by the double play discussion - deposition of the treating physician with the injured worker and husband present - a revised Medicare Set Aside was issued for \$46,000. This was sent to CMS for approval. CMS approved a Medicare Set Aside of \$206,000. The double play strategy reduced the medical exposure on the claim by \$240,000. This is a significant savings and far outweighs the consulting costs to date. Many of the claim files reviewed are several years old and thus are not readily able to resolve. However, because the program has resulted in new strategies for long term success, substantial savings are likely.

At the May Executive Committee meeting staff will discuss expanding the file base for this project to include all file years throughout the CSU System with a focus on claims that have one or more of the following issue/concerns:

- High active spend
- High value total incurred
- Complex files
- Older dates of injury
- Stagnant files with substantial dollar exposure

Staff anticipates that the file reviews will be conducted quarterly with a goal of eight files under discussion at each meeting. Staff will report progress of program periodically to the Executive Committee.

PUBLICATION: None.

ATTACHMENT(S): None.

AORMA PROGRAMS UPDATE

ISSUE: The Auxiliary Organizations Risk Management Alliance (AORMA) continues to address the insurance and risk management needs of its Auxiliary Organizations membership. CSURMA has 100% participation by Auxiliary Organizations in good standing.

Robert de Wit, AORMA Committee Chair, will be on hand at today's meeting to discuss the recent activities of AORMA.

RECOMMENDATION: No action is required on this item at today's meeting.

FISCAL IMPACT: None.

BACKGROUND: The AORMA was first aggressively marketed to CSU Auxiliary Organizations for the July 1, 1998 policy inception. Since that time, the program has grown from 12 members to 87+ members, and represents 100% participation.

PUBLICATION: None.

ATTACHMENT(S): None.

AGILITY RECOVERY

ISSUE: The Executive Committee reviewed a program proposal from Agility Recovery at its meeting on March 19, 2015. Staff was directed to finalize terms for Agility to provide membership for all CSU campuses and auxiliary organizations, and develop a roll out to inform members of Agility's resources, benefits and access to its services. Agility Recovery is a business continuity services provider. When a disaster happens, Agility helps restore critical operations at or near your location, focusing on four key elements of disaster recovery:

1. Office space complete with desks and chairs.
2. Power for your office.
3. Communications: telephone and internet access.
4. Computer systems: computers, servers, printers, fax.

With Agility's ReadySuite, members have access to essential equipment, electrical power, alternate workspace, hardware, and connectivity for staff.

RECOMMENDATION: No action requested. This item is presented for information only.

FISCAL IMPACT: The Agility membership fee is \$5,990 per month (\$71,880 annual) to include all CSU campuses and auxiliary organizations. For an additional \$160 per month (\$1,920 annually), Agility will annually test members' recovery plan. The total proposed cost is \$73,800.

BACKGROUND: Agility's value was proven recently at San Francisco State University where they assisted SFSU in a loss involving power interruption to a building. Agility provided a power generator that resulted in significant savings to the campus.

PUBLICATION: None.

ATTACHMENT(S):

- a. Quick Notes: Agility Recovery
- b. ReadySuite: Turn-Key Business Continuity Solutions
- c. Proposal for CSURMA

QUICK NOTES on

AGILITY RECOVERY



Agility Recovery

Agility Recovery History:

- Agility began 25 years ago as a unit of General Electric.
- General Electric started Agility because they saw a need for businesses to recover from disasters at or near their normal location.

What We Do:

Agility provides 4 key elements of disaster recovery:

1. Office Space complete with desks and chairs.
2. Power for your office.
3. Communications: Telephone and Internet access.
4. Computer systems: Computers, servers, printers, fax.

Culture of Success:

General Electric built an infrastructure to ensure success. In the 25 years that Agility has been in business, we have rescued 1000's of businesses and never failed.

New Vision:

- For decades the industry focused on the needs of the Fortune 500. Unfortunately, this model is simply too expensive for the vast majority of small and medium-sized businesses.
- In 2004, Agility's management team defined a new vision - To bring disaster recovery solutions to ALL businesses, not just the Fortune 500.

New Business Model:

- In 2004 we created a recovery solution that all businesses could afford - ReadySuite.
- For a small monthly fee, normally \$495 per month, you can protect your business.

When you sign-up:

When you become a member, a continuity planner will contact you and gather some basic information so we know how to recover your business if you have a disaster. For example:

1. How many employees need to be up and running?
2. What are the power requirements of your office?
3. Where do you store your data?
4. What kind of computers, servers, and operating system do you use?
5. How do you want your phone calls handled during a disaster?

All of this information is placed into a secure website called myAgility; which becomes the foundation of your recovery plan.



When You Have a Disaster

When disaster strikes, our operations team works with you to determine what needs to be recovered. The price of your recovery is limited to Agility's out-of-pocket expenses. For example:

- If we fly a technician to your office to set-up computers, we charge you for the airfare, but not his time. He's on our payroll.
- If you needed a server, we would take one from our stock and ship it to you. You simply pay the shipping.
- If you need power, we'll provide a generator, deliver it, install it, and bill you our exact costs.

Whether you have Agility or not, you would still have the same recovery needs. With Agility, it gets done faster, cheaper and more effectively.

Most importantly - we get it done every time.

Disasters Happen

Sometimes they're serious.

Sometimes they're small, like a server outage. Sometimes they're big, like a tornado. Regardless of the size, if you don't have a plan your business may be forever altered.

During a disaster there are more important things for you to focus on instead of trying to rebuild your infrastructure. That's where Agility comes in.

At the moment when you're most vulnerable to being overcharged and under-served, you will have a partner that has done it for 25 years, 1000's of times and never failed... and we don't profit from your disaster.

Ask Yourself

- Do you believe that a disaster could happen?
- Do you believe that without a plan in place, your business could be seriously affected?
- Do you believe that Agility, after 25 years and 1000's of recoveries, will be there for your business?

If you answered, "Yes," then this is an easy decision and we would love to welcome you as a member.

MORE QUESTIONS? USE OUR VIP HOTLINE.

We have established a VIP hotline to provide direct access to our senior management team. If you have any questions and want immediate answers please call the number below.

CALL: 704-769-0002



Agility Recovery



ReadySuite™
Turn-key Business Continuity Solutions

ReadySuite:

A Simple Solution for a Complex World.

ReadySuite membership addresses the typical high-cost, high-frustration factor associated with business continuity planning. For a small monthly fee, Agility will deliver whatever you need to recover your business.



MyAgility

Access & edit your plan anytime on our secure planning portal. MyAgility comes standard with all ReadySuite solutions.

ReadySuite Solutions:

ReadySuite \$495/month

Includes a 48-seat office solution
+ up to 5 Intel servers.
Testing is optional (additional \$160/month).



ReadySuite 96 \$995/month

Includes a 96-seat office solution
+ up to 15 Intel servers. Testing included.



ReadySuite 192 \$2,500/month

Includes a 192-seat office solution
+ up to 30 Intel servers. Testing included.



ReadySuite Financial \$495/month

Retail and back-office recovery solutions
for financial institutions.
Testing is optional (additional \$160/month).



No profit motive during disaster... It's the perfect partnership.

Joining Agility costs just \$495 a month. In the event of disaster, you only pay the actual recovery costs. Unlike other programs, Agility has no disaster declaration fees. No disaster alert fees. No daily usage fees for the first 60 days.



Agility Membership

The day you become a member of Agility, we'll rescue your business. But that's just the beginning. Learn more about membership on the back page of this brochure.

ReadySuite plans include the following:



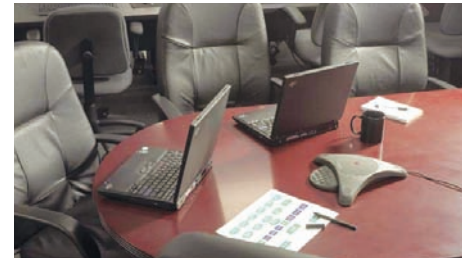
Power

Emergency generators stationed across North America



Space

Numerous options to fit your business needs, including commercial, retail and mobile office space



Technology

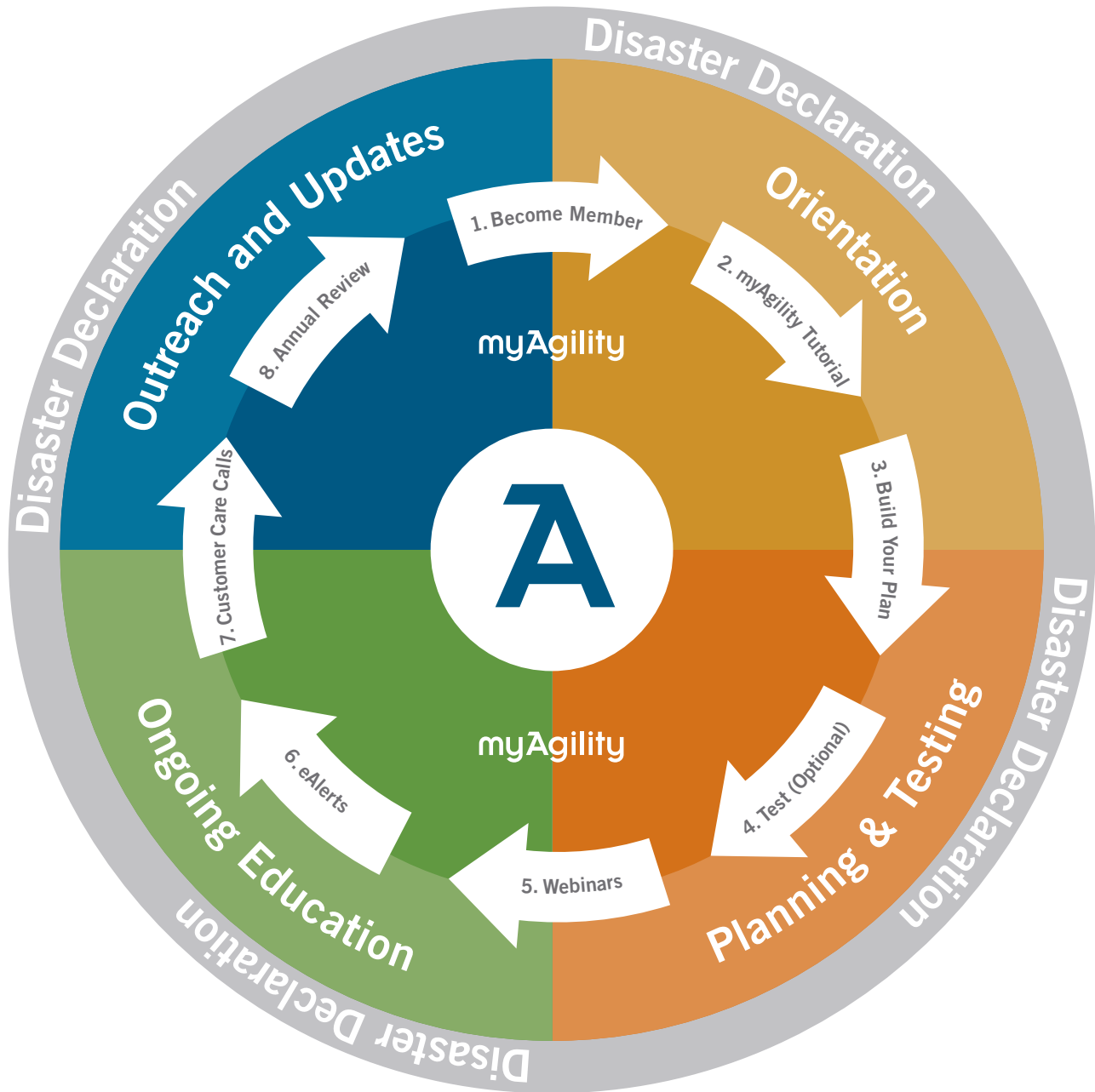
IT and office equipment stocked for express delivery



Connectivity

Satellite connectivity to restore phone and Internet service





Member Features & Benefits:

Immediate Protection

The day you become a member, your business is covered.

MyAgility

With our secure online portal, you can make and update recovery plans, upload and store scans of vital documents, and even set up Alert Notifications to send emergency email and text messages.

24-Hour Hotline

Our recovery specialists are available whenever you need Agility.

Disaster eAlerts

When an event is threatening, Agility sends alerts with critical recovery information to help you prepare in advance of the event.

Educational Webinars

Agility hosts business continuity webinars throughout the year to educate and inform.

Testing

In the past two years, we have conducted over 700 tests. We work with Agility members before, during and after every test to make this once-daunting task easy and worry-free.

THANK YOU FOR YOUR INTEREST IN AGILITY

There is a simple fact about the business continuity industry...it's way more complex than it needs to be. That's the beauty of Agility.

We have taken the same product, service and solution that was once only available to Fortune 500 businesses and made it accessible and affordable for every business.

That's why over 10,000 businesses have already become members of Agility and why the United States Small Business Administration has a co-sponsorship with Agility to help America's businesses prepare and recover from disaster.

The benefits are clear:

- **Immediate Protection:** The day you become a member of Agility, your business is covered.
- **Ease of Use:** Nothing could be easier to use than myAgility, our online planning portal. Create a plan on your timeline, not ours.
- **24-Hour Hotline:** Our recovery specialists are available whenever you need us: 24 hours a day. 7 days a week.
- **Recovery:** If you have a disaster, we will provide you with the critical elements needed to keep your business in business: Office Space, Power, Communications for telephone and Internet, and Computer Systems.
- **Affordable:** Agility will bill you a small monthly fee to help prepare, refine and scale our resources. If you have a disaster, we will bill you our out-of-pocket expenses. We do not profit from your disaster.
- **Proven Success:** In the 24 years that Agility has been in business, we have rescued 1000's of businesses and never failed.

In keeping with the "ease of use" principle that drives Agility, the enclosed agreement is intended to be simple to execute. Your name, address and signature are all that is needed to activate your membership and protect your business.

If you have any questions, please don't hesitate to call. Or simply email your signed agreement to Bryan.Bristow@agilityrecovery.com

Agility is proud to announce a co-sponsorship with the SBA to help America's businesses prepare and recover from disaster.
www.preparemybusiness.org



MONTHLY MEMBERSHIP FEE \$5,990

Testing Option: For an additional \$160 per month, Agility will provide the Member resources to test their recovery plan once annually.

START DATE Upon execution of the agreement

Term of Agreement - 12 (Twelve) months

[MEMBER] CSURMA/Alliant

Congratulations, your Agility Recovery membership goes into effect today.

Upon signing this agreement, should you experience an interruption, Agility will provide the resources necessary to rescue your business at the address below:

- SPACE** Office space with desks and chairs for up to 48 people
- POWER** Emergency generator for your office
- COMMUNICATION** Telephone and Internet access
- COMPUTER SYSTEM** Up to 48 computers, 5 Intel servers, tape drives, printers and fax

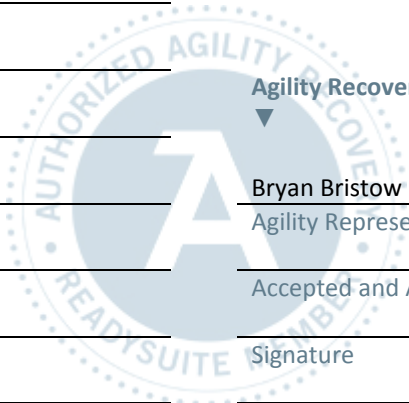
With your Membership Agility will work with you to develop a customized recovery plan via MyAgility, our secure online planning portal. The functionality of MyAgility portal will include:

- PREPAREDNESS PLAN** Build an implementation plan, access via any web browser, develop a communications strategy
- ALERT NOTIFICATION SYSTEM** Send text and email messages to employees and vendors
- DOCUMENT MANAGEMENT SYSTEM** Store critical business documents
- ASSET MANAGEMENT TOOL** Document and manage assets

**To declare a disaster or put Agility on alert, call Agility’s 24-hour recovery hotline: 877-364-9393
 Alternates: 888-242-3740 or 866-894-3336.**

By signing below, Agility Recovery and the member agree to all of the provisions of this agreement and agree to be legally bound by the terms and conditions provided herein.

<u>CSURMA/Alliant</u>	
Member	
Contact/Title	Agility Recovery Solutions, Inc.
Billing Address	
City/State/ZIP	Bryan Bristow Agility Representative
E-mail Address	Accepted and Approved By
Signature	Signature
Date Signed	Date Signed



Agility will provide ReadySuite48 coverage for 114 CSURMA/Alliant locations identified below with complete address list provided at signing.

A maximum of 10 CSURMA/Alliant locations can declare at any one time.



1. FEES AND PAYMENTS

Agility shall invoice monthly, in advance, all membership fees set forth in this Agreement. Payments shall be due 30 (thirty) days after receipt of invoice. The Member shall reimburse Agility for any applicable taxes (excluding taxes on income), customs, duties and government impositions incurred in connection with this Agreement.

2. EXPENSES

For a declaration or test, Member is responsible for actual recovery or event expenses (Agility will provide estimate of costs for approval by member prior to deployment) including, but not limited to, setup, de-install, shipping, travel and living fees, network engineering, satellite space segment charges, generator rental, transport of the designated equipment and/or mobile office unit(s), generator(s), and satellite equipment to and from the Member's recovery facility or test location. After 60 (sixty) days, the Member shall be billed a daily fee for the assets deployed. Daily usage fees will not exceed \$295 per day.

3. RISK OF LOSS OR EQUIPMENT DAMAGE

Member shall bear the risk of loss and/or damage to all equipment until Agility retakes possession of equipment supplied hereunder once delivered to Members designated site except for loss or damage caused by Agility or its Vendor.

4. LIMITATION OF DAMAGES

The Member acknowledges that the availability of services and equipment shall be on a first-come, first-serve basis. Agility shall use commercially reasonable efforts to provide the requested equipment in the event of a multiple disaster situation. Agility, in its sole discretion, believes it to have sufficient equipment to accommodate the demand for the same asset that it reasonably anticipates. Agility shall not, under any circumstance, be liable to the Member for any lack of availability. Agility shall have no liability for damages resulting from personal injury or property damage, except to the extent such injury or damages result from the negligence or willful misconduct, fraud, or the breach of confidentiality of Agility or of an employee of Agility. Under no circumstances shall either party be liable to the other party for special, exemplary or consequential damages (including, but not limited to lost profits, loss of business or other economic loss) in connection with the services to be rendered or equipment to be supplied under this Agreement.

5. FORCE MAJEURE

To the extent and for the period of time that Agility is delayed or prevented from performing any obligation under this Agreement because of circumstances beyond reasonable control, including but not limited to acts of God, acts of terrorism that would prevent or delay delivery, civil or military authority and severe inclement weather, such performance shall be excused. Agility is required and expected to use commercially-reasonable efforts to restore and provide contracted services under this Agreement as soon as it is feasible after an event has impacted Agility's ability to service the Member. Agility shall provide Member with reasonable notice of the onset and removal of any force majeure event, provided Agility discovers or is made aware of the event.

6. ASSIGNMENT

This Agreement may be assigned by either party without the prior written agreement of the other party in conjunction with a sale of all or substantially all of the assets of the assigning party. Assignment of this agreement for any other reason by either party will need prior written agreement which shall not be unreasonably withheld. No assignment shall relieve either party of its obligations hereunder with respect to payments due prior to the assignment. This Agreement shall be binding upon the parties' respective successors and assigns.

7. JURISDICTION; MODIFICATIONS; ENTIRE AGREEMENT; GOVERNING LAW

This Agreement may not be modified except by a written document signed by authorized representatives of both parties. This Agreement shall be governed in all respects by the laws of the State of Delaware.

8. TERM

This Agreement will be automatically renewed for one year at the end of the current term or any renewal term, unless either party provides written notice of non-renewal at least 60 (sixty) days prior to the end of the then-current term. Agility reserves the right to increase fees at its sole discretion.

9. CONFIDENTIALITY

Non-public personal information provided by either party, its affiliates or divisions to either party or that otherwise comes into either's possession or that either party becomes aware of (collectively, "Confidential Information") is to be regarded as confidential and private. The parties agree not to use any Confidential Information obtained hereunder for purposes other than those for which the Confidential Information was provided. Both parties further agree that it shall not share, distribute, sell or otherwise cause anyone else to use Confidential Information without the express written permission of the other party.

10. ORDER OF PRECEDENCE

In the event of a conflict between the Membership Services Agreement, an addendum or a Purchase Order (PO), the order of precedence is

- 1) Addendum, 2) Membership Services Agreement 3) PO.

11. REPRESENTATIONS AND WARRANTIES

Agility represents and warrants to Member that:

Agility shall perform all services required to be performed by it hereunder in a good, safe and workmanlike manner, applying thereto at least that degree of skill, care and supervision reasonable and necessary for services of the type covered by this Agreement.

The services are non-infringing of any third party rights, including intellectual property rights if applicable and any software that is used in the supply of services will not contain any illicit code, time-outs, viruses, Trojan horses, or self-replicating code.

CSU / UC WORKERS' COMPENSATION SUMMIT

ISSUE: At the March 20, 2015 CSURMA Long Range Planning meeting, Zachary Gifford explained that he has been meeting with his counterparts at the University of California to share workers' compensation information and develop benchmarking data. It was discussed that the CSU and UC workers' compensation coordinators and interested risk management professionals would benefit from joining together in a professional development summit. Gifford explained that the CSU / UC workers' compensation summit would be a two day affair and would be offered to all of the CSU and UC workers' compensation claims examiners. Campus EH&S and Risk Managers would be invited as well. Gifford hopes to have the summit in Oakland.

RECOMMENDATION: No action is requested; this item is for information only.

FISCAL IMPACT: It is expected that the cost to sponsor this summit would be approximately \$30,000 if CSURMA co-sponsors the activity and potentially reimburses travel expenses for one representative from each CSU campus.

BACKGROUND: Gifford is meeting with UC and Sedgwick on May 20, 2015, to discuss further.

PUBLICATION: None.

ATTACHMENT(S): None.

STATUS OF FORM 700 FILINGS

ISSUE: The Political Reform Act (Gov. Code Sections 81000-91014) requires most state and local government officials and employees to publicly disclose their personal assets and income. They also must disqualify themselves from participating in decisions that may affect their personal economic interests. The Fair Political Practices Commission (FPPC) is the state agency responsible for issuing the attached Statement of Economic Interests, Form 700, and for interpreting the law's provisions.

As of today, all annual Form 700 filings have been received.

RECOMMENDATION: Staff recommends that the Board of Directors review the process currently in place and adjust as needed.

FISCAL IMPACT: None.

BACKGROUND: Annually, in late January, the Program Administrator begins the process of transmitting Form 700 documents to the membership via email. There is schedule of reminders in place to be sure that all forms are returned to the Program Administrators, who then in turn forwards them to the FPPC for permanent filing. The completed forms are due to the FPPC no later than April 1, 2014.

PUBLICATION: None.

ATTACHMENT(S): None.

REVIEW OF AUXILIARY SERVICE PROVIDER REPORT

ISSUE: CSURMA strives to provide consistency and reliability over time. One key component to accomplishing this goal is evaluating those organizations that provide services to CSURMA. On an annual basis CSU Systemwide Risk Management contacts CSURMA members who regularly use vendor services and asks them to complete an on-line vendor survey.

The complete 2014 Vendor Survey Report will be posted on the CSURMA website.

RECOMMENDATION: This is an information only item; no action is recommended at this time.

FISCAL IMPACT: None.

BACKGROUND: The Service Provider Performance evaluation will assist CSURMA with additional information to support strategic planning. The evaluation is tailored to meet the requirements of CSURMA members and maintain respondent confidentiality in order to elicit candid comments.

PUBLICATION: None.

ATTACHMENT(S):

- a) CSURMA 2014 Annual Vendor Survey Report



CSURMA 2014 Annual Vendor Survey Report

CSURMA Board of Directors
April 27, 2015

A foundation of CSURMA has been the concept of consistency and reliability over time. One key component to accomplishing this foundational element is evaluating those organizations that provide service to CSURMA. As such, on an annual basis the vendor survey is deployed and please allow this as our report regarding the outcome of the 2014 Annual CSURMA Vendor Survey.

The CSU Systemwide Risk Management annually contacts CSURMA/AORMA members who regularly use vendor services and ask that they complete the on-line survey. For 2014 the following vendors and service providers were listed on the campus survey:

CAMPUS VENDORS:

<i>Alliant (Program Admin)</i>	<i>Alliant (Claims – property/crime/GL-2011)</i>
<i>Alliant (Insurance Broker)</i>	<i>CO Risk Management (liability claims)</i>
<i>Alliant (W/C consulting)</i>	<i>AON e-Solutions (iVOS – W/C & Liability)</i>
<i>CO Risk Management (Consulting)</i>	<i>Workplace Answers (web-based training)*</i>
<i>A-G Admin (AIME)</i>	<i>CO Enterprise Accounting</i>
<i>Equifax-TALX (UI claims)</i>	<i>Belfor (property restoration)</i>
<i>Sedgwick CMS (W/C claims)</i>	<i>Har-bro (property restoration)*</i>

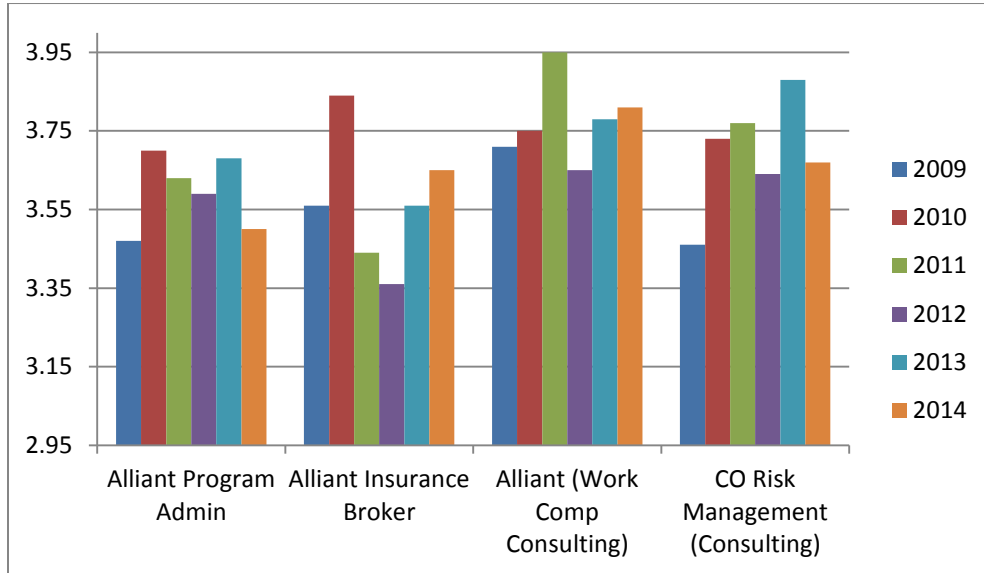
*Note: Next year we will remove Workplace Answers and replace with LawRoom for web-based compliance training. We will also remove Har-bro and add Praesidium as a new service (minors on campus). Finally, Aon eSolutions was sold in September and a new company called Ventiv Technology was formed to continue to host and upgrade the iVOS claims systems.

The type of vendor has been grouped into three categories for multi-year comparison:

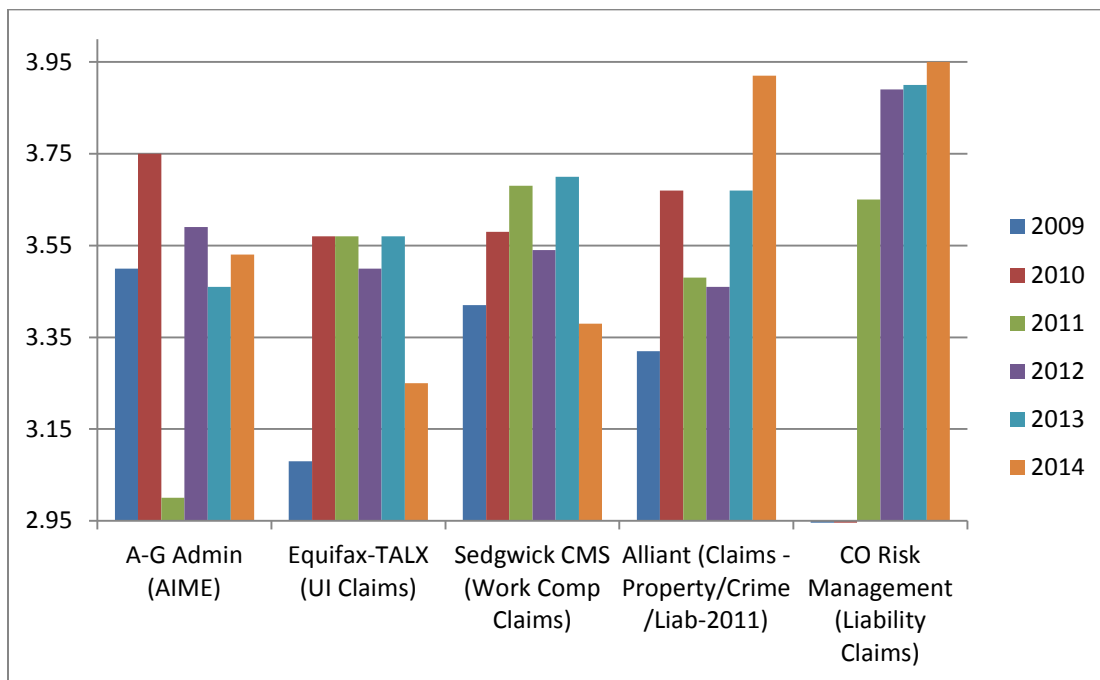
- Administration/Consulting
- Claims Handling
- Miscellaneous Services

We have graphed the “Overall Satisfaction level” question response to summarize the vendors’ performance with 4.0 being a perfect score.

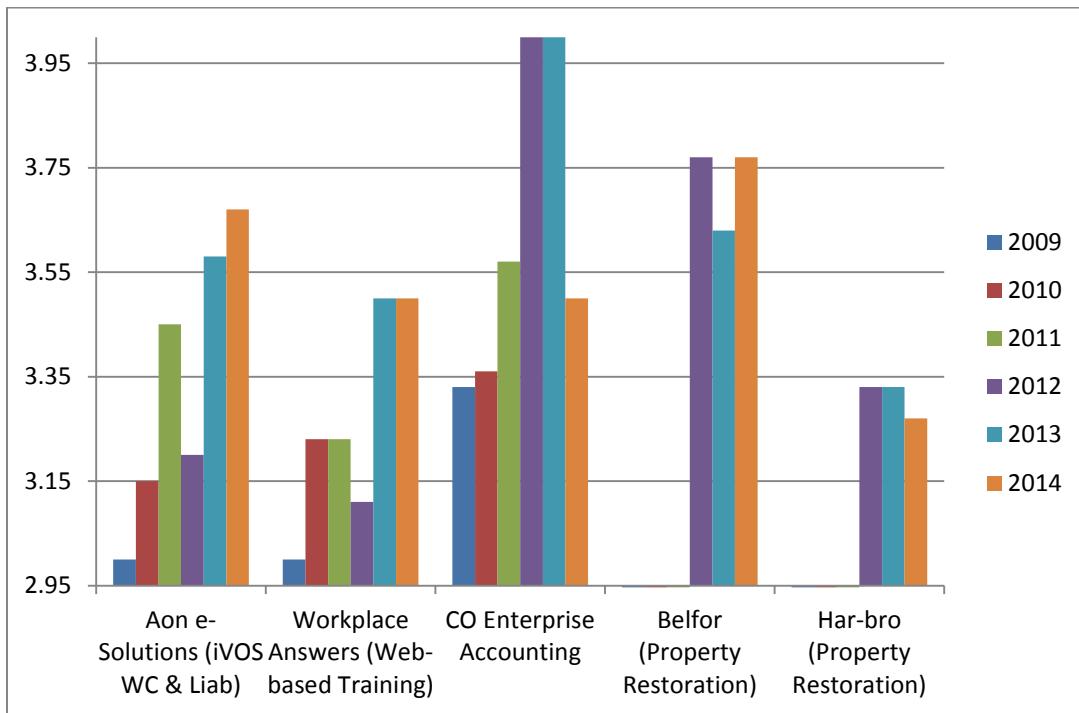
Administration/Consulting



Claims



Miscellaneous Services



For 2014 the following vendors and service providers were listed on the auxiliaries' survey:

AUXILIARY VENDORS:

Alliant (Program Admin)
Alliant (Insurance Broker)
CO Risk Management (Consulting)
Employers Group (HR consulting)
Alliant (Claims – property/crime)
Carl Warren & Co. (Liability claims)

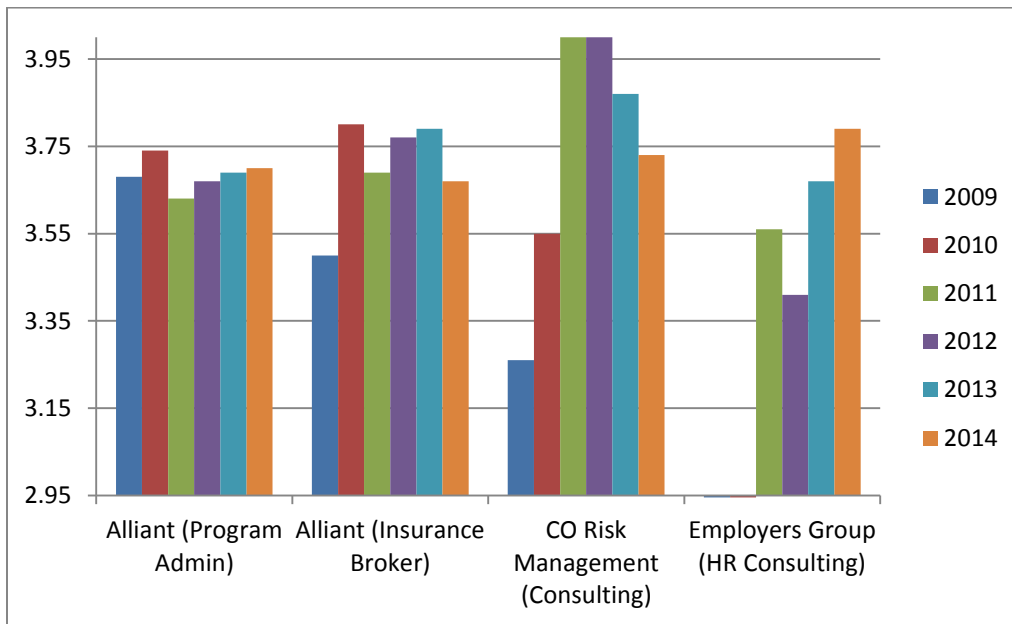
Sedgwick CMS (W/C claims)
E-Group (UI claims)
Alliant (Loss control & safety)
Target Safety (Web-based training)
CO Enterprise Accounting

As with the campuses, we have grouped the type of vendor into three categories for multi-year comparison:

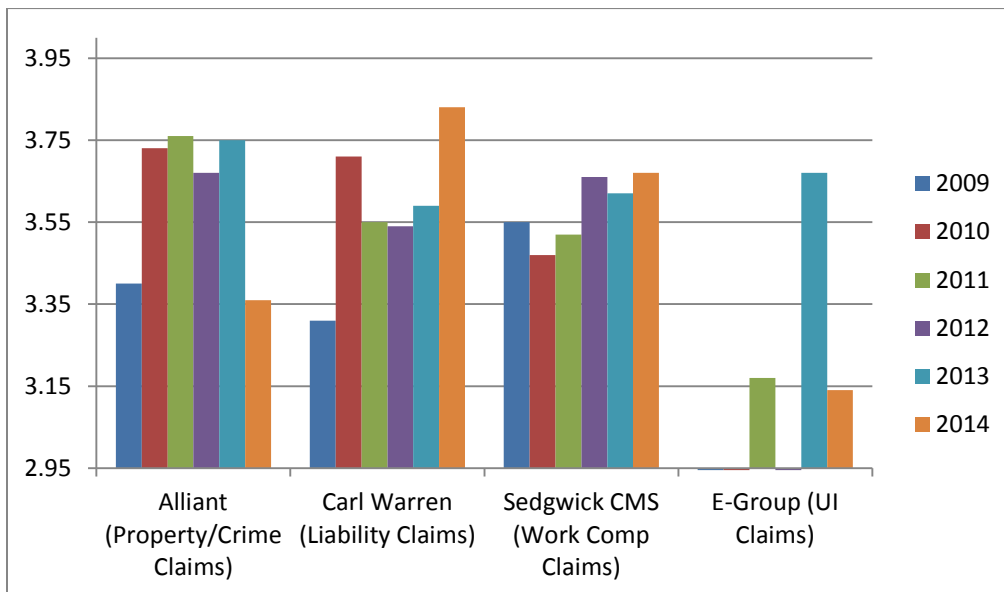
- Administration/Consulting
- Claims Handling
- Miscellaneous Services

We have graphed the “Overall Satisfaction level” question response to summarize the vendors’ performance with 4.0 being a perfect score.

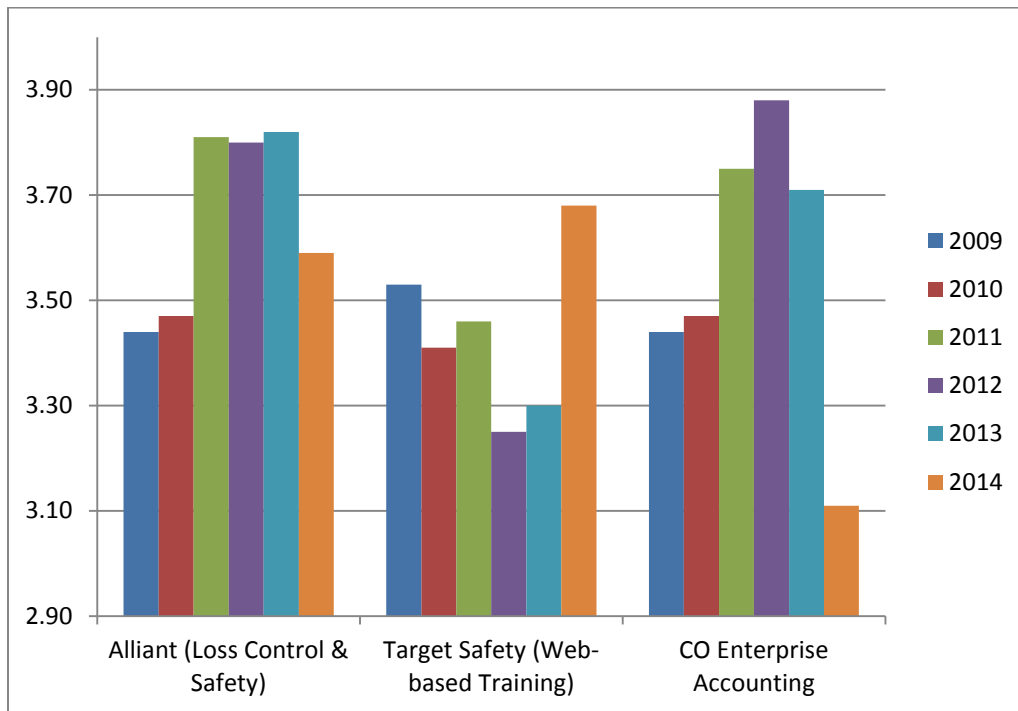
Administration/Consulting



Claims



Miscellaneous Services



Survey information

- **Campus Survey**
 - Sent out January 20, 2015 to 216 campus personnel.
 - Respondents could limit response to the vendors they worked with.
 - Reminders Sent out January 26th and February 2nd.
 - Survey closed February 6th.
 - 66 Responses – 31% (2013 = 64 Responses – 33%)
- **Auxiliary Survey**
 - Sent out January 20, 2015 to 282 auxiliary personnel.
 - Respondents could limit response to the vendors they worked with.
 - Reminders Sent out January 26th and February 2nd.
 - Survey closed February 6th.
 - 66 Responses - 23% (2013 = 71 Responses – 25%)



Overall the vendors and those who provide services to CSURMA continue to score well with no results falling below the 80 percentile (3.2/4.0). If it is the desire of the CSURMA Executive Committee, we can request that vendors and service providers deliver a response to the vendor in time for the May 8, 2015 CSURMA Executive Committee meeting.

The complete survey responses will be posted at the CSURMA shared documents site at; <http://www.csurma.org/shared/programs/Pages/default.aspx> or e-mail Zachary Gifford at zgifford@calstate.edu

CSURMA ADMINISTRATIVE SERVICE CALENDAR

ISSUE: This item is provided as an information item to advise the Board of Directors of the various recurring administrative activities and when they take place over the course of the year. It includes items noting when they appear before the Executive Committee and Board of Directors. It is to be provided for information with each agenda packet.

RECOMMENDATION: It is recommended that the Board of Directors review the CSURMA Administrative Service Calendar and provide direction to staff as appropriate.

FISCAL IMPACT: No direct fiscal impact is expected from action at today's meeting.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Administrative Services Calendar

CSURMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
JANUARY 2015				
01/02/15	FORM 700 - JPA ADMIN finalizes current year member listing	Alliant Staff	Tevea Him	completed
01/06/15	Statement of Facts – Roster of Public Agencies - file with State & County	Alliant Staff	Tevea Him	completed
01/07/15	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	completed
01/07/15	Announce the new AORMA Committee Vice Chair as well as open seats on the AORMA Committee	Nominations Committee	Mimi Long	completed
01/12/15	AIME Committee Meeting	Alliant Staff	Stacey Weeks	completed
01/15/15	FORM 700 - JPA ADMIN sends Form 700 to CSURMA FILERS, including EC, BOD, AORMA, Standing Committees, and designated consultants, including identified Alliant personnel	Alliant Staff	Tevea Him	completed
01/31/15	Final premium / rate letter to all AORMA members	Alliant Staff	Mimi Long	completed
FEBRUARY 2015				
02/01/15	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	completed
02/01/15	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 12/31	Alliant Staff	Tevea Him	completed
02/01/15	Campus Liability Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	completed
02/01/15	Campus Workers' Compensation Risk Pool claims audit (every odd year)	Alliant Staff	Jacki Graft	completed
02/01/15	AORMA Workers' Compensation program claims administration audit (every even year)	Alliant Staff	Jacki Graft	completed
02/01/15	AIME Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	n/a
02/01/15	AORMA Liability Program claims audit (every odd year)	Alliant Staff	Mimi Long	completed
02/08/15	AORMA MSLCTC Meeting (Teleconference)	Alliant Staff	Mimi Long	CANCELED
02/08/15	CSURMA AOA CONFERENCE	Alliant Staff	Mimi Long	completed
02/08/15	CSURMA EC Meeting	Alliant Staff	Mimi Long	completed
02/11/15	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	completed
02/15/15	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	completed
02/26/15	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	completed
MARCH 2015				
03/01/15	CSURMA Master Investment Policy and Investment Policy for the Fixed Income Portfolio	Alliant Staff	Mimi Long	completed
03/01/15	Mid-Term Budget Amendments	Alliant Staff	Robert Leong	completed
03/01/15	Chancellor's Office Services Budget Proposal	Alliant Staff	Mimi Long	completed
03/01/15	FY 15/16 Operation Budget	Alliant Staff	Robert Leong	completed
03/01/15	Review the Auxiliary Service Provider Report	Alliant Staff	Mimi Long	completed
03/01/15	Annual Review of (1) Data Security Policies and (2) the Integrated CSU Administration Manual	Alliant Staff	Mimi Long	completed
03/15/15	FORM 700 - Follow up - JPA ADMIN follows up with FILER, prepares status report for CSURMA EC review at Long Range Planning meeting	Alliant Staff	Tevea Him	completed
03/19/15	AORMA Committee Meeting	Alliant Staff	Mimi Long	completed
03/19/15	CSURMA EC Meeting	Alliant Staff	Mimi Long	completed
03/19/15	CSURMA Policies and Procedures (odd in odd years / even in even years)	Alliant Staff	Robert Leong	completed
03/20/15	Forward slate of nominees to fill the open seats on the AORMA Committee to the AOA Executive Committee for review and comment	Alliant Staff	Mimi Long	
03/20/15	CSURMA EC LRP Meeting	Alliant Staff	Mimi Long	completed
03/31/15	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Mimi Long	in process
03/31/15	Completion of the Form 700 – Statement of Economic Interest	BOD and Alliant Staff	Tevea Him	completed

CSURMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
APRIL 2015				
04/01/15	Campus Risk Pool Administrator verifies Campus Primary and Alternate representative remain in place by contacting campus representatives (i.e. ensure no leave of absence, retirement, change in duties, etc.)	Alliant Staff	Tevea Him	Started
04/01/15	FORM 700 - JPA ADMIN sends all forms received to FPPC for processing	Alliant Staff	Tevea Him	completed
04/01/15	Send out ballot for AORMA Committee term beginning on July 1, 2015	Alliant Staff	Tevea Him	in process
04/20/15	AORMA MSLCTC Meeting (Teleconference)	Alliant Staff	Mimi Long	
04/23/15	CSURMA BOD NMO Meeting via Teleconference	Alliant Staff	Mimi Long	
04/27/15	CSURMA BOD Meeting	Alliant Staff	Mimi Long	
04/28/15	Fitting the Pieces Conference	Alliant Staff	Mimi Long	
MAY 2015				
05/06/15	Receive back all AORMA Committee ballots for the term beginning on July 1, 2015	Alliant Staff	Tevea Him	
05/07/15	AORMA Committee Meeting	Alliant Staff	Mimi Long	
05/08/15	CSURMA EC Meeting	Alliant Staff	Mimi Long	
05/01/15	Research the single bond approach & report back at the May 2015 Meeting	Alliant Staff	Dan Howell	
05/01/15	Develop a benchmarking project for the EC to review	Alliant Staff	Jackie Graft	
05/11/15	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	
05/15/15	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	
05/18/15	AIME Committee Meeting	Alliant Staff	Stacey Weeks	
05/30/15	Send out appointment letters to the newly appointed AORMA Standing Committee Chairs for the term beginning on July 1, 2014	AORMA Chair/Alliant Staff	Tevea Him	
05/30/15	Send out appointment letters to the newly elected AORMA Committee members for the term beginning on July 1, 2014	AORMA Chair/Alliant Staff	Tevea Him	
05/30/15	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 3/31/14	Alliant Staff	Tevea Him	
05/30/15	Update the AORMA Committee and Standing Committee Org Chart for the term beginning July 1, 2014	Alliant Staff	Tevea Him	
05/30/15	Update the AORMA Committee and Standing Committee Roster for the term beginning July 1, 2014	Alliant Staff	Mimi Long	
JUNE 2015				
06/01/15	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	
06/25/15	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	
06/29/15	AORMA MSLCTC Meeting (Teleconference)	Alliant Staff	Mimi Long	
06/30/15	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Mimi Long	
06/30/15	Expiring Contract: Alliant Loss Control Services - July 1, 2014 to June 30, 2015	Alliant Staff	Mimi Long	
06/30/15	Expiring Contract: TargetSolutions - July 1, 2012 to June 30, 2015	Alliant Staff	Mimi Long	
06/30/15	Request COI from all vendor's contract	Alliant Staff	Mimi Long	
JULY 2015				
07/01/15	Financial audit prep with KPMG	Alliant Staff / RM	Van Rin	
07/01/15	FORM 700 - JPA ADMIN sends entering and leaving office notices to AORMA FILERS who will be taking office on AORMA and Standing Committees	Alliant Staff	Tevea Him	
07/01/15	Send to CSU Accounting the approved dividends and allocation of program costs for invoicing	Alliant Staff	Van Rin	
07/04/15	Send out AORMA binder, insurance summary and invoice to all members	Alliant Staff	Van Rin	
07/05/15	Request a review of the claims activity within the UIP – claims activity variations of more than 10% above or below pricing levels used will resulting in a pricing adjustment	Alliant Staff	Mimi Long	

CSURMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
07/05/15	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	Alliant Staff	Mimi Long	
07/07/15	Request Liability (EPL check register) for minimum EPL deductible calculation for upcoming fiscal year	Alliant Staff	Tevea Him	
07/07/15	AORMA Officers Retreat – San Francisco, CA	AORMA Officers	Mimi Long	
07/14/15	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	
07/15/15	Final FY Payroll - request from Chancellor's Office	Alliant Staff	Robert Leong	
07/15/15	Process the Liability and Workers' Compensation dividend checks and forward to Alliant for distribution	CSU Accounting	Van Rin	
07/21/15	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	
07/21/15	Upon receipt of loss data begin semi-annual loss charts for RM meeting in October and to be sent to members	Alliant Staff	Robert Leong	
07/28/15	FORM 700 - FORMS DUE TO FPCC ON THIS DATE [ASSUMING/LEAVING]	Alliant Staff	Tevea Him	
07/31/15	Actuarial Study - receive draft and forward to RM	Alliant Staff	Robert Leong	
07/31/15	Distribute the Liability and Workers' Compensation dividend checks	Alliant Staff	Van Rin	
07/31/15	Request final audited payroll from all Workers' Compensation program members for expired year	Alliant Staff	Hsan Htein	
07/31/15	Survey legal counsel compensation and recommend to AORMA a fair and equitable maximum allowable hourly rate (every three years)	Liability TPA	Mimi Long	
AUGUST 2015				
08/01/15	Send out letter regarding Campus Appointment of CSURMA Board of Directors Members and Alternate	Alliant Staff	Tevea Him	
08/01/15	Send out letter to regarding Claims Settlement Authority Annual Confirmation	Alliant Staff	Tevea Him	
08/01/15	Send out letter to regarding Foreign Travel Authority Confirmation	Alliant Staff	Tevea Him/Stacey Weeks	
08/01/15	Completion of draft actuarial studies for Workers' Compensation and Liability programs	Actuary	Mimi Long	
08/01/15	AOA EC Meeting: Send out AORMA Summary	Alliant Staff	Mimi Long	
08/11/15	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	
08/15/15	AOA EC Meeting - San Diego	Alliant Staff	Mimi Long	
08/31/15	Calculate additional premium or return premium for each Workers' Compensation program member based on the audited payroll	Alliant Staff	Mimi Long	
08/31/15	Calculate each member's minimum EPL deductible for the upcoming program term	Alliant Staff	Mimi Long	
08/31/15	Complete CSURMA's portion of the Public Self-Insurer's Annual Report for CSURMA – then forward to Sedgwick for TPA completion	Alliant Staff	Mimi Long	
08/31/15	Complete Target Surplus Funding Report	Alliant Staff	Mimi Long	
08/31/15	Completion of Financial Audit	CSU Accounting	Mimi Long	
08/31/15	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 6/30	Alliant Staff	Tevea Him	
Begin Task	Completion of the Public Self-Insurer's Annual Report for CSURMA (must be filed with the state by Oct 1st.)	Alliant Staff	Mimi Long	
Begin Task	AORMA Workers' Compensation Desk Audit	Alliant Staff	Mimi Long	
SEPTEMBER 2015				
09/01/15	Annual Report of Financial Transactions - start process	Alliant Staff / Accounting	Van Rin	
09/01/15	Stewardship Report	Alliant Staff	Robert Leong	
09/09/15	AORMA Long Range Plan meeting	Alliant Staff	Mimi Long	
09/09/15	AORMA New Committee Member Orientation meeting	Alliant Staff	Mimi Long	
09/10/15	AORMA Committee Meeting	Alliant Staff	Mimi Long	
09/10/15	CSURMA EC Orientation Meeting	Alliant Staff	Mimi Long	
09/11/15	CSURMA EC Meeting	Alliant Staff	Mimi Long	
09/13/15	Create UI White Paper for Steve Relyea to discuss Techniques to lower UI cost & Resources available to CSU	Alliant Staff	Dan Howell	

CSURMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
09/14/15	CAJPA Standards review (2014 and every 3 years thereafter)	Alliant Staff	Mimi Long	
09/15/15	Prepare invoices or checks for the Workers' Compensation payroll audit	CSU Accounting	Mimi Long	
09/30/15	Completion of the AORMA Committee (September Letter) updating all AORMA members on the funding and dividends approved for the upcoming fiscal year	Alliant Staff/AORMA Chair	Mimi Long	
09/30/15	Completion of Workers' Compensation payroll desk audits	Alliant Staff	Mimi Long	
09/30/15	Send out invoices or checks for the Workers' Compensation payroll audit	Alliant Staff	Mimi Long	
09/30/15	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Mimi Long	
09/15/15	CAJPA Fall Conference and Training Seminar - Lake Tahoe Resort, Harrah's and Harveys	Alliant Staff	Mimi Long	
OCTOBER 2015				
10/01/15	Annual Report of Financial Transactions - File	Alliant Staff / Accounting	Van Rin	
10/01/15	Request completion of the Liability application	Alliant Staff	Mimi Long	
10/01/15	Request estimated Workers' Compensation payroll	Alliant Staff	Mimi Long	
10/01/15	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	
10/05/15	AORMA MSLCTC Meeting (Teleconference)	Alliant Staff	Mimi Long	
08/11/15	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	
10/15/15	Poll eligible AORMA Committee members to determine which members are willing to be nominated for the Vice Chair position	Nominations Committee	Mimi Long	
10/22/15	AORMA Committee Meeting	Alliant Staff	Mimi Long	
10/22/15	CSURMA BOD NMO Meeting via Teleconference	Alliant Staff	Mimi Long	
10/23/15	CSURMA BOD Meeting	Alliant Staff	Mimi Long	
10/23/15	CSURMA EC Meeting	Alliant Staff	Mimi Long	
TBD	AIME Committee Meeting	Alliant Staff	Stacey Weeks	
NOVEMBER 2015				
11/01/15	FORM 700 - Campus Risk Pool Administrator sends request to campus president to confirm appointments of primary and alternate representative to BOD (Note: AORMA Representatives are maintained through their election process)	Alliant Staff	Tevea Him	
11/28/15	Campus Risk Pool Deductible - Confirm (every 3 years - 2014, 2017, 2020)	Alliant Staff	Robert Leong	
11/28/15	Send campus risk pool renewal budget	Alliant Staff	Robert Leong	
11/30/15	Review volunteer losses within the Workers' Compensation program	Alliant Staff	Mimi Long	
11/30/15	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 9/30/13	Alliant Staff	Tevea Him	
DECEMBER 2015				
12/01/15	2015 Vendor Survey - Review List of Vendors and Work on Recipients	Risk Management	Rebecca Skidmore	
12/01/15	P & P Outlining Underwriting Guidelines for Granting Additional Insured Status	Alliant Staff	Dan Howell	
12/03/15	AORMA Committee Meeting	Alliant Staff	Mimi Long	
12/04/15	CSURMA EC Meeting	Alliant Staff	Mimi Long	
12/10/15	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	
12/15/15	FORM 700 - Campus Risk Pool Administrator sends revised Campus Primary and Alternate CSURMA BOD member listing to JPA ADMIN	Alliant Staff	Tevea Him	
12/30/15	Financial Audit - mail to Secretary of State and County of Official Address	Alliant Staff/Accounting	Tevea Him	
12/31/15	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Mimi Long	

CSURMA BOARD OF DIRECTORS AND STAFF CONTACT LIST

ISSUE: Attached is a list of phone numbers and e-mail addresses for members of the CSURMA Board of Directors and CSURMA Staff.

RECOMMENDATION: Staff recommends that members review the list at each meeting for accuracy and make any changes or additions. If there are any changes, please contact Tevea Him via email at thim@alliant.com.

FISCAL IMPACT: None

BACKGROUND: An accurate and current list facilitates better communication among the Board members and with staff.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Board of Directors and Staff Contact List

CSURMA BOARD OF DIRECTORS MEMBERS

Effective at July 1, 2014

Representative /Alternate	Member	Position	Campus	Organization	E-Mail	Telephone Number
Representative	Kellie Garcia	Associate Vice President, Human Resources & Administrative Services	Bakersfield	California State University, Bakersfield	kgarcia@csub.edu	661-654-3206
Alternate	Tim Ridley, CSP, ARM-P	Associate Vice President Human Resources	Bakersfield	California State University Bakersfield	tridley1@csub.edu	661-654-2066
Representative	George V. Ashkar	Assistant Vice Chancellor, Financial Services	Chancellors Office	CSU Office of the Chancellor	gashkar@calstate.edu	562-951-4671
Alternate	<i>Vacant</i>		<i>Chancellors Office</i>	<i>CSU Office of the Chancellor</i>		
Representative	Katharine Hullinger	Risk Manager	Channel Islands	California State University, Channel Islands	katharine.hullinger@csuci.edu	805-437-8846
Alternate	Caroline J. Doll	Director, Special Projects for F&A	Channel Islands	California State University, Channel Islands	Caroline.Doll@csuci.edu	805-437-3232
Representative	Michael Thorpe	Risk Manager	Chico	California State University, Chico	methorpe@csuchico.edu	530-898-6588
Alternate	Lorraine B. Hoffman	Vice President, Business & Finance	Chico	California State University, Chico	lbhoffman@csuchico.edu	530-898-6231
Representative	Stephen J. Mastro	Associate Vice President, Administration and Finance	Dominguez Hills	California State University, Dominguez Hills	smastro@csudh.edu	310-243-3707
Alternate	Jeff Wood	Risk Manager	Dominguez Hills	California State University, Dominguez Hills	jwood@csudh.edu	310-243-2895
Representative	Nyassa Love	Risk Management & Internal Control	East Bay	California State University, East Bay	nyassa.love@csueastbay.edu	510-885-2743
Alternate	Brad Wells	Interim Vice President Administration & Finance/CFO	East Bay	California State University, East Bay	bradley.wells@csueastbay.edu	510-885-3803
Representative	<i>Vacant</i>		<i>Fresno</i>	<i>California State University, Fresno</i>		
Alternate	Lisa Kao	Associate Dir EHS, Risk Mgmt & Sustainability	Fresno	California State University, Fresno	lisak@csufresno.edu	559-278-6910
AORMA Rep	Keith Kompzi	Director, Foundation Financial Services	Fresno	Fresno Association Inc., CSU Fresno	kkompzi@csufresno.edu	559-278-0838
Representative	Lori Gentles	Vice President Human Resources, Diversity and Inclusion	Fullerton	California State University, Fullerton	lgentles@fullerton.edu	714-278-2425
Alternate	Michael Coughlin	Risk Manager	Fullerton	California State University, Fullerton	mcoughlin@fullerton.edu	657-278-8673
AORMA/EC	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	fmumford@fullerton.edu	657-278-4101
AORMA Rep	Kurt Borsting	Director	Fullerton	Titan Student Union, CSU Fullerton	kborsting@fullerton.edu	714-278-4214
Representative	Michael Burghart	Risk Manager	Humboldt	Humboldt State University	michael.burghart@humboldt.edu	707-826-5746
Alternate	Joyce Lopes	Vice President for Administration and Finance	Humboldt	Humboldt State University	joyce.lopes@humboldt.edu	707-826-3351
Representative	Mary Stephens	VP Administration & Finance	Long Beach	California State University, Long Beach	mestephens@csulb.edu	562-985-5578
Alternate	Felissa Waynick, ARM-P	Risk Manager	Long Beach	California State University, Long Beach	felissa.waynick@csulb.edu	562-985-2396
AORMA/EC	Robert de Wit	Chief Financial Officer	Long Beach	Forty-Niner Shops, Inc., CSU, Long Beach	rdewit@csulb.edu	562-985-5549
AORMA Rep	Brian Nowlin	Chief Operating Officer	Long Beach	California State University, Long Beach Foundation	nowlinb@csulb.edu	562-985-4690
Representative	Lisa Chavez	VP, Administration/CFO	Los Angeles	California State University, Los Angeles	lchavez10@cslanet.calstatela.edu	323-343-3500

CSURMA BOARD OF DIRECTORS MEMBERS

Effective at July 1, 2014

Representative /Alternate	Member	Position	Campus	Organization	E-Mail	Telephone Number
Alternate	Kevin Brady	Director Risk Mgmt & EHS	Los Angeles	California State University, Los Angeles	kbrady@cslanet.calstatela.edu	323-343-3527
Representative	Vineeta Dhillon	Purchasing & Risk Manager	Maritime	California Maritime Academy	vdhillon@csum.edu	707-654-1086
Alternate	Franz Lozano	Vice President for Administration and Finance	Maritime	California Maritime Academy	flozano@csum.edu	707-654-1038
Representative	Kevin Saunders	Vice President Administration & Finance	Monterey	California State University, Monterey Bay	kesaunders@csumb.edu	831-582-3398
Alternate	Lenore Reed	Director of Enterprise Risk Management & Records	Monterey	California State University, Monterey Bay	lreed@csumb.edu	831-582-4766
AORMA Rep	Gigi Kiama	Human Resources Manager	Monterey	University Corporation, CSU Monterey Bay	gkiama@csumb.edu	831-582-4301
Representative	Jody Van Leuven	Risk Manager	Northridge	California State University, Northridge	jody.vanleuven@csun.edu	818-677-2079
Alternate	Jason Wang	Sr. Director Physical Plant Management	Northridge	California State University, Northridge	jason.wang@csun.edu	818-677-6579
Alternate	Ron Norton	Director, EHS & RM	Northridge	California State University, Northridge	ron.norton@csun.edu	818-677-2401
Representative	Sharon Reiter	Associate Vice President for Human Resource Services	Pomona	California State Polytechnic University	sreiter@csupomona.edu	909-869-3016
Alternate	Valerie Eberle	University Risk Manager	Pomona	California State Polytechnic University	vjeberle@csupomona.edu	909-869-4846
AORMA Rep	Haleh Minakary	General Business Manager	Pomona	The Cal Poly Pomona Foundation, Inc.	hminakary@csupomona.edu	909-869-2910
Representative	Mike Lee	Vice President, Administration and Chief Financial Officer	Sacramento	California State University, Sacramento	mikelee@csus.edu	916-278-6312
Alternate	Kirtland Stout	Director, Risk Mgmt & Business Continuity Planning	Sacramento	California State University, Sacramento	kirtland@csus.edu	916-278-7233
AORMA Rep	Leslie Davis	Executive Director	Sacramento	University Union Operation of CSUS, Inc.	leslied@saclink.csus.edu	916-278-2904
Representative	Debbie Burns	Associate Vice President, Aux & Business Svcs & Risk Management	San Bernardino	California State University, San Bernardino	dburns@csusb.edu	909-537-3939
Alternate	Douglas R. Freer	Vice President for Administration and Finance and Chief Financial Officer	San Bernardino	California State University, San Bernardino	dfreer@csusb.edu	
Representative	Thomas McCarron	VP for Business & Financial Affairs	San Diego	San Diego State University	tmccarron@mail.sdsu.edu	619-594-6017
Alternate	Jessica Rentto	Interim Associate Vice President Administration	San Diego	San Diego State University	jrentto@mail.sdsu.edu	619-594-8640
AORMA Rep	Melinda Coil	Chief Financial Officer	San Diego	San Diego State University Research Foundation	mcoil@foundation.sdsu.edu	619-594-1076
Representative	Ronald Cortez	Vice President Administration & Finance/CFO	San Francisco	San Francisco State University	rsortez@sfsu.edu	415-338-2521
Alternate	Michael Martin	Executive Director, Risk Management	San Francisco	San Francisco State University	mjmartin@sfsu.edu	415-338-1124
AORMA Rep	Guy Dalpe	Managing Director	San Francisco	Cesar Chavez Student Center, San Francisco	gdalpe@sfsu.edu	415-338-1044
Representative	Mark Loftus	Risk & Compliance Manager	San Jose	San Jose State University	mark.loftus@sjsu.edu	408-924-2159
Alternate	Josee Larochelle	AVP for Finance	San Jose	San Jose State University	Josee.Larochelle@sjsu.edu	408-924-1550
Representative	Dru Zachmeyer	Director, Contracts & Procurement/Risk & Real Estate Management	San Luis Obispo	California Polytechnic State University, San Luis Obispo	dzachmey@calpoly.edu	805-756-6473

CSURMA BOARD OF DIRECTORS MEMBERS

Effective at July 1, 2014

Representative /Alternate	Member	Position	Campus	Organization	E-Mail	Telephone Number
Alternate	David Ragsdale	Director EH&S & Safety	San Luis Obispo	California Polytechnic State University, San Luis Obispo	dragsdal@calpoly.edu	805-756-6662
AORMA Rep	Dwayne Brummett	Director of Business Services	San Luis Obispo	Associated Students, Inc., Cal Poly San Luis Obispo	dbrummet@calpoly.edu	805-756-5768
Representative	Linda Hawk	Vice President Finance & Administrative Services	San Marcos	California State University, San Marcos	lhawk@csusm.edu	760-750-4950
Alternate	<i>Vacant</i>		<i>San Marcos</i>	<i>California State University, San Marcos</i>		
Representative	Tyson Hill	Interim Senior Director for Risk Management	Sonoma	Sonoma State University	tyson.hill@sonoma.edu	707-664-4039
Alternate	Nathan Johnson	Chief and Executive Director	Sonoma	Sonoma State University	nathan.johnson@sonoma.edu	707-664-4444
Representative	Amy Thomas	Asst Director of Safety & Risk Management	Stanislaus	California State University, Stanislaus	Althomas@csustan.edu	209-667-3035
Alternate	Julie Benevedes	Associate Vice President for Financial Services	Stanislaus	California State University, Stanislaus	JBenevedes@csustan.edu	

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
JPA Program Administrator – Alliant Insurance Services, Inc.				
Certificate of Insurance Requests	Hsan Htein Van Rin	hhhtein@alliant.com vrin@alliant.com	415-403-1452 415-403-1408	415-874-4810 415-874-4810
General CSURMA Coverage Questions	Robert Leong Van Rin Hsan Htein Daniel Howell	rleong@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
General AORMA Coverage Questions	Mimi Long Van Rin Hsan Htein Daniel Howell Melissa Diaz	mlong@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com mdiaz@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426 415-403-1444	415-874-4810 415-874-4810 415-874-4810 415-874-4810 415-874-4810
Inland Marine	Van Rin Hsan Htein Mimi Long	vrin@alliant.com hhhtein@alliant.com mlong@alliant.com	415-403-1408 415-403-1452 415-403-1423	415-874-4810 415-874-4810 415-874-4810
Participant Accident Insurance (PAI)	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Special Events Insurance	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Foreign Travel Program	Stacey Weeks Van Rin	sweeks@alliant.com vrin@alliant.com	415-403-1448 415-403-1408	415-874-4810 415-874-4810
General Risk Management Questions	Mimi Long Van Rin Hsan Htein Daniel Howell	mlong@alliant.com vrin@alliant.com hhhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Workers' Compensation Claims Consultant	Jacki Graf	jgraf@alliant.com	415-403-1438	415-874-4810
Alliant Claims Consulting	Robert Frey Diana Walizada Michelle Maffei Martin Fox-Foster Elaine Kim	rfrey@alliant.com dwalizada@alliant.com mmaffei@alliant.com martin.fox-foster@alliant.com ekim@alliant.com	415-403-1445 415-403-1453 415-403-1418 415-403-1417 415-403-1458	415-403-1466 415-403-1466 415-403-1466 415-403-1466 415-403-1466
Form 700	Tevea Him	thim@alliant.com	415-403-1416	415-402-0773
Website and Technology Questions	Melissa Diaz Myron Leavell	mdiaz@alliant.com mleavell@alliant.com	415-403-1444 415-403-1404	415-874-4810 415-874-4810

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
CSU Chancellor's Office				
CSU Chancellor's Office	Zachary Gifford	zgifford@calstate.edu	562-951-4568	562-951-4859
	Rebecca Skidmore	rskidmore@calstate.edu	562-951-4574	562-951-4859
	Leona Ching	lching@calstate.edu	562-951-4580	562-951-4859
	Alice Kim	akim@calstate.edu	562-951-4627	562-951-4865
	Kelly Cox	kcox@calstate.edu	562-951-4611	562-951-4865
	Mandy Wong	mwong@calstate.edu	562-951-4578	562-951-4865
	Rima Tanuwidjaja	rtanuwidjaja@calstate.edu	562-951-4621	562-951-4856
	Robert Eaton	reaton@calstate.edu	562-951-4572	562-951-4971
	Audra Reed	areed@calstate.edu	562-951-4564	562-951-4971
	William Hsu	whsu@calstate.edu	562-951-4500	562-951-4956
	Steve Relyea	srelya@calstate.edu	562-951-4600	562-951-4971
	Martha Guiditta	mguiditta@calstate.edu	562-951-4557	562-951-4859
Michael Clements	mclements@calstate.edu	562- 951-4091		

Loss Control Consultants – Alliant Risk Control

Alliant Risk Control Consulting	Brent Escoubas	bescoubas@alliant.com	949-260-5013	
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Online Training - TargetSolutions

Business Manager	Kelly Zielinski	kelly.zielinski@targetsolutions.com	858-683-7229	858-487-8762
	Jennifer Jones (<i>while Kelly is out on maternity leave</i>)	jennifer.jones@targetsolutions.com	858-376-1632	858-487-8762
Account Manager	Ashley Cole	ashley.cole@targetsolutions.com	858-638-7176	
	Clair Miller	claire.miller@targetsolutions.com	858-976-1629	

Unemployment Insurance Claims Administrator – Employers Edge

Client Services	Angie Hansen	ahansen@employersedge.com	720-891-4900 x116	720-420-7356
Unemployment Claims Operations, Claim Specialist	Reina Gonzales	rgonzales@employersedge.com	720-891-4900 x139	720-420-7390
Tax Analyst	Larry Blankenship	lblankenship@employersedge.com	720-891-4900 x108	720-420-7430
Appellate Level	Jen Venable Jamie Clark	jvenable@employersedge.com jclark@employersedge.com	720-891-4900 x114 720-891-4900 x122	720-420-7354 720-420-7396
Account Management	Steve Bell	sbell@employersedge.com	720-891-4900 x101	720-420-7431

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
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Human Resources Consulting – Employers Group

Helpline	Mark Nelson Kimberly Nwamanna	mnelson@employersgroup.com knwamanna@employersgroup.com	213-765-3952 213-765-3982	
Client Service	Bill Stephens	bstephens@employersgroup.com	805-807-9922	213-226-0216
Reference Library	Robert Campbell	rcampbell@employersgroup.com	800-748-8484 Ext. 3430	
Unemployment Questions	Mark Nelson	mnelson@employersgroup.com	213-765-3952	
Affirmative Action Plans	Suzanne Oliva	soliva@employersgroup.com	213-765-3918	
Leave Management	Kimberly Nwamanna	knwamanna@employersgroup.com	213-765-3982	
Research and Surveys	Juan Garcia	kgarcia@employersgroup.com	213-765-3969	
Employer Advocacy	Ken Tiratira	ktiratira@employersgroup.com	213-765-3915	