



CSURMA EXECUTIVE COMMITTEE MEETING AGENDA
“This is an Open Public Meeting”

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

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

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

Meeting Date:	November 8, 2019	Primary Location:	Crowne Plaza San Francisco Airport Hotel Peninsula I Room 1177 Airport Blvd. Burlingame, CA 94010
Time:	9:00 AM		

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

A. CALL TO ORDER

1. **Approval of the Agenda** A *p. 4*

B. PUBLIC COMMENTS

C. CONSENT CALENDAR A

The Committee will be asked to take action on the consent calendar items as a group; however, a member may request that an item be withdrawn from the Consent Calendar for discussion and action.

1. **Approval of Minutes – September 6, 2019** p. 5
The Committee will be asked to approve the minutes from its last meetings.

2. **Financial Report at September 30, 2019**
 - a. *Treasurer’s Report* p. 22
 - b. *Draft Financial Statement* p. 29

3. **Adoption of FY 2020/21 CSURMA Meeting Calendar** p. 42
The Committee will be asked to approve additional meeting dates for the second half of FY 2020/21.

4. **Liability Claims Administrator Service Performance Audit** p. 46
The Committee will be asked to review and accept the claims administration audit reports.

5. **Workers' Compensation Claims Administrator Service Performance Audit** p. 140
The Committee will be asked to review and accept the claims administration audit report.

D. GENERAL ADMINISTRATION

1. **Independent Auditor's Financial Audit Report as of June 30, 2019** A p. 171
The Committee will receive a report on the fiscal year 2018/19 Financial Audit, taking action as appropriate
2. **Liability Program Memoranda of Coverage** A p. 242
The Committee will be asked to review the final version of the Campus Liability Coverage Program and CSURMA Excess Liability memoranda of Coverage to be used effective July 1, 2020 and to recommend approval to the Board of Directors.
3. **CSURMA's Conflict of Interest Code – Consultants / New Positions Determination of Disclosure Categories** A p. 268
The Committee will be asked to review the procedures for determining whether a Consultant or New Position should be required to comply with CSURMA's conflict of interest code.
4. **Praesidium Update** I p. 275
The Committee will hear a report from Praesidium regarding CSU's current utilization of the services and ideas for future utilization.

E. OTHER PROGRAMS

1. **AORMA Programs Update** I p. 290
The Committee will receive a verbal report on the AORMA programs
2. **AIME Program Update** I p. 291
The Committee will receive a verbal report on the AIME

F. CLOSED SESSION Pursuant to Cal. Gov. Code Sec. 11126(e)(1) & 11126(f)(1) A

- Action may be taken per Government Code Section 11126(e)(1) & 11126(f)(1). The matters below may be discussed. The Committee may take action or provide direction to Staff regarding the matters.*
1. Freeman v. CSU (SB)
 2. Chavez v. CSU (N)
 3. John Doe (Class Action) v. CSU (Fullerton)
 4. Herington (Class Action) v. CSU (Fresno)
 5. Apodaca v. CSU (San Marcos)
 6. O'Brien adv. CSU (SFSU)
 7. Espinoza v. CSU (SLO), ASI
 8. In re: SF Science Building Coverage Dispute



California State University Risk Management Authority

G. INFORMATION ITEMS

- | | | |
|---|----------|---------------|
| 1. Review of FY 2019/20 Long Range Planning Goals | I | <i>p. 292</i> |
| 2. CSURMA Administrative Service Calendar | I | <i>p. 295</i> |
| 3. FY 2019/20 and FY 2020/21 CSURMA Meeting Calendar | I | <i>p. 301</i> |
| 4. CSURMA Executive Committee & Staff Contact List | I | <i>p. 303</i> |

H. ADJOURNMENT

**The next CSURMA Executive Committee meeting is scheduled for January 12, 2020
during the AOA Conference in Coronado, CA**

If you have questions regarding the agenda package, please contact

Mimi Long at mlong@alliant.com / (415) 403-1423 or Tevea Him at thim@alliant.com / (415) 403-1416

APPROVAL OF THE AGENDA

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

RECOMMENDATION: Staff recommends that the Committee approve the agenda as presented.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

APPROVAL OF MINUTES – SEPTEMBER 6, 2019

ISSUE: The Executive Committee will be asked to review and approve the draft minutes of its September 6, 2019 meeting.

RECOMMENDATION: It is recommended that the Executive Committee approve the minutes of its September 6, 2019 meeting, including revisions as necessary.

FISCAL IMPACT: None.

BACKGROUND: The minutes reflect the actions taken by the Executive Committee at its last meeting.

PUBLICATION: All CSURMA Executive Committee meeting minutes are posted on the CSURMA website once they are approved.

ATTACHMENT(S):

- a. CSURMA EC Meeting Minutes - September 6, 2019

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING
SEPTEMBER 6, 2019
ALLIANT INSURANCE SERVICES
701 B STREET, 6TH FLOOR • SAN DIEGO, CA
8:30 AM**

MEMBERS PRESENT

Scott Apel, California State University Long Beach
Dwayne Brummett (AORMA Chair), Associated Students, Inc. at San Luis Obispo
Lisa Chavez (Chair), California State University Los Angeles
Thom Davis, California State University, Bakersfield
Robert Eaton (Treasurer), California State University, Office of the Chancellor
Lisa Kao, California State University, Fresno
Dave Nakamura (AORMA First Vice Chair), Humboldt State University Center
Kevin Saunders (Vice-Chair), California State University, Monterey Bay
Amy Thomas, California State University, Monterey Bay

MEMBERS ABSENT

None

STAFF, GUESTS & CONSULTANTS

Zachary Gifford, CSU Office of the Chancellor – Systemwide Risk Management
Tevea Him, Alliant Insurance Services, Inc.
Jim Holobaugh, Alliant Insurance Services, Inc. *(via Teleconference)*
Daniel Howell, Alliant Insurance Services, Inc.
Robert Leong, Alliant Insurance Services, Inc.
Susan Leung, Alliant Insurance Services
Amy Lightner, Alliant Insurance Services, Inc.
Mimi Long, Alliant Insurance Services, Inc.
Pam Quiroz, Alliant Insurance Services, Inc. *(via Teleconference)*
Jim Sowerbrower, CSU Office of the Chancellor, CPDC *(via Teleconference)*
Jody Van Leuven, CSU Office of the Chancellor
Robin Webb, CSU Office of General Counsel

A. CALL TO ORDER

The meeting was called to order by the Chair, Lisa Chavez at 8:30 AM.

A1. Approval of the Agenda

Item D2 was removed from the agenda.

A motion was made to approve the agenda with the one revision noted above.

Motion: Scott Apel
Second: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

B. PUBLIC COMMENTS

Zachary Gifford informed the Committee that the liability claims administration audit of both the Campus liability and AORMA liability programs had been completed and both received very favorable results.

C. CONSENT

- C1. Approval of Minutes – May 3, 2019**
- C2. Adoption of CSURMA Executive Committee and Board of Directors 2020 Meeting Calendar**
- C3. Draft Financial Statements at June 30, 2019**

A motion was made to approve all of the items on the consent calendar.

Motion: Scott Apel
Second: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			

Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. Treasurer’s Report at June 30, 2019

Robert Eaton provided an overview of the revisions to the CSURMA Master Investment Policy. Due to the workers’ compensation reinsurance agreement with CSAC EIA and to a lesser degree the OCIP II administrative and funding policy, CSURMA has been out of compliance with its investment policy. Eaton indicated that he continues to work with staff and Alliant on the cash flow forecast process, and proposed that the target range on the investment portfolio be revised as follows:

<u>Portfolio</u>	<u>Current Target Range</u>	<u>Revised Target Range</u>
Short-Term	25% to 33%	15% to 40%
Long-Term	67% to 75%	60% to 85%
Loan Portfolio	0% to 15%	No change

The loan portfolio counts against the short-term investment range. The revised short-term target range was changed to 15% to 40% because of the greater variability due to the workers’ compensation reinsurance contract with CSAC EIA.

The remaining revisions to the Master Investment Policy are ministerial; the only substantive change is to the portfolio target range.

A motion was made to approve the revisions to the CSURMA Master Investment Policy.

Motion: Robert Eaton

Second: Thom Davis

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

D2. CSURMA Cash Flow Projection

The Cash Flow Projection was removed from the meeting agenda.

D3. Excess Insurance Renewal Report

Daniel Howell provided a brief overview of the CSURMA major renewals. FY 19/20 was even more challenging than expected as the property and casualty market became extremely firm during the second quarter.

Renewal Cost Change Estimates

Program	AORMA % Change	Campus % Change
Excess Liability	3%	+19%
Property	+16%	+26%
Worker’s Compensation	-8.6%	+5.1%
Builder’s Risk	N/A	Flat Rate
Fine Arts	N/A	0%
SPLIP & SAFECLIP	N/A	-5%
FTIP	N/A	+30%
Aviation	N/A	+10%
Medical Malpractice	N/A	0%
Fidelity	0%	0%

The Excess Liability program has seen loss development in the first excess layers for both the AORMA and Campus programs. AORMA was spared an increase in the primary layer; however, the general market for public entities has seen substantial increases mainly driven by employment practices and police professional exposures. Catastrophic verdicts have underwriters concerned about California public entity risks. Staff will be going in the market early for the July 2020 renewal as we expect further fallout due to general loss development and underwriters may pull back, increase rates or reduce coverages – or all three. Property losses to both the AORMA and Campus programs have increased the past three years. While CSU performed well in the wet winter and recent wildfires, related losses and other losses continue to mount. Significant rate decreases in recent years were again partially eroded by increases at this renewal. The outlook for next year will not be known until the end of the calendar year.

Workers’ Compensation has been a bright spot in the California market as a whole and especially for CSU due to improved loss experience. CSURMA agreed to a two-year rate agreement with EIA on favorable terms. The Builders Risk program is stable and the program received a flat renewal. The Fine Arts program received a flat renewal as well.

SPLIP & SAFECLIP perform exceptionally well with no losses and rates dropped by 5%. The Foreign Travel Insurance Program loss ratio has stabilized at a level acceptable to underwriters.

A flat rate renewal was received; however, travel exposure increase which increase the overall program costs. Also, one of the coverage parts within FTIP is a three-year prepaid policy and it was renewed and invoiced this year which resulted in a premium increase.

The aviation programs have had no losses but the market has firmed and the programs settled with a 10% rate increase. The medical malpractice program is at minimum premium and we received a flat rate renewal despite a firming market. Fidelity claims have remained low but a claim in the fourth quarter resulted in a flat renewal rather than an expected reduction.

D4. Actuarial Reports for Campus Liability, Campus Workers’ Compensation, and Athletic Injury Medical Expense Programs

Rob Leong provided a summary of the key findings and exhibits within the actuarial reports for the Campus Liability, Campus Workers’ Compensation and Athletic Injury Medical Expense programs. Leong also presented the liability deductible credits for FY 20/21, FY 21/22 and FY 22/23.

A motion was made to accept the actuarial reports for the Campus Liability, Campus Workers’ Compensation and Athletic Injury Medical Expense programs as well as the liability deductible credits for FY 20/21, FY 21/22 and FY 22/23.

Motion: Thom Davis
 Second: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

D5a. Campus Risk Pools Funding - Risk Pools Funding Status at June 30, 2019

Robert Leong discussed the Estimated Risk Pool Funding Status exhibit at June 30, 2019. The retained funds in the workers’ compensation program are increasing. It appears the AIG and CSAC EIA reinsurance contracts are starting to show positive results and CSURMA is now able to recoup funds from the reinsurers.

D5b. Campus Risk Pools Funding - 2019 Proposed Campus Dividends and 2018 Corrections

Robert Leong provided an overview of the Target Surplus Funding Analysis report. Funding in excess of the Target Funding levels indicate an opportunity to return dividends to campus members. Dividends declared by the Executive Committee are allocated to the campuses as a percentage of each campus’ total five year deposit contribution in relation to the group’s total deposit contribution for the same period. Last year’s dividend distribution errantly reversed the allocation percentages for the Liability and Workers’ Compensation funds. Although the total distribution was correct, the allocation among campuses should be corrected as some members received less than what they have earned, while others received more. Staff recommends the correction be applied to the 2019 dividend distribution by netting the differences (+/-) by campus as shown in the attachment.

A motion was made to approve a workers’ compensation dividend at 50% (\$7,219,917) of the maximum dividend available as well as the correction for last year’s dividend misallocation.

Motion: Thom Davis
 Second: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

D6. FY 2020/21 Rates and Gross Funding Campus Coverage Programs

Rob Leong summarized the FY 20/21 proposed gross funding as shown in the table below. Upon the recommendation of the Executive Committee, the Board of Directors adopts rates and funding for the upcoming fiscal year at its fall meeting. Staff has prepared FY 20/21 funding recommendations for the Campus coverage programs using the draft actuarial reports completed August 2019.

As summarized by Leong, Campus Liability include premium deposits for the Student Professional Liability Insurance Program (*SPLIP*), Student Academic Field Experience for Credit Liability Insurance Program (*SAFECLIP*) and the new Club Liability Insurance Program (*CLIP*). Campus Property include premium deposits for Blanket Employee Fidelity, Cyber Risk, Fine Arts Artifacts

& Archives (*FAAAP*), and Earthquake insurance. Automobile Liability is self-insured by the State Motor Vehicle Insurance Account (*MVIA*), whose cost is determined by the Office of Risk and Insurance Management (*ORIM*). The costs for the purchased insurance programs (*SPLIP, SAFECLIP, Property, Fidelity, and Cyber*) are estimates at this time since actual rates will not be known until negotiations are finalized in June 2020. The Campus Liability Program rates are undiscounted for anticipated investment income, whereas the funding of the Workers' Compensation program includes discounted rates, with authority delegated by the Board of Directors for the Executive Committee to finalize funding on either a discounted or undiscounted basis when it meets in the spring.

The following summarizes total program costs:

Campus Coverage Programs
FY 2020/21 Proposed Gross Funding

Coverage Program	FY 19/20 Approved	FY 20/21 Proposed	\$ Chg	% Chg
Liability	\$18,605,268	\$23,335,193	\$4,729,925	25.4%
Workers' Compensation	40,781,992	40,946,923	164,931	0.4%
IDL/NDI/UI	16,800,000	17,304,000	504,000	3.0%
Property	11,381,659	13,962,468	2,580,809	22.7%
AIME	4,760,949	4,965,335	204,386	4.3%
Automobile Liability	1,408,547	1,055,497	(353,050)	-25.1%
Total	\$93,738,415	\$101,569,416	\$7,831,001	8.4%
Liability funding is undiscounted for anticipated investment income.				
Workers' Compensation is discounted for anticipated investment income.				

A motion was made to recommend acceptance of the proposed gross funding for FY 20/21 as presented in the table above to the Board of Directors.

Motion: Thom Davis

Second: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			

Amy Thomas	X			
------------	---	--	--	--

MOTION CARRIED

D7. Campus Risk Pools Rating Plans Task Group

The Executive Committee established the Rating Plans Task Groups (*RPTG*) to review and recommend refinements to the cost allocation formulas for the Campus risk pools, if any. Additionally, the RPTG was tasked to review the recommendations produced by the coverage counsel hired by CSURMA, whose objective was to ensure CSURMA’s Memorandums of Liability Coverage (*MOCs*) remain responsive to member needs.

The RPTG met on July 29, 2019 and August 20, 2019. Rob Leong provided an overview of the RPTG’s recommendations as shown below.

1. Continue all rating plans without alteration.
2. Delegate authority to the AIME Committee to review and manage the AIME risk pool rating plan.
3. Approve the liability deductible credit factors per the actuary’s letter date August 13, 2019.
4. Consider increasing the minimum deductible option from \$35,000 each occurrence to \$50,000 each occurrence.
5. Approve edits to the campus liability MOC and the liability reinsurance MOC with additional revisions as appropriate.
6. Forward all proposed changes to the Board for adoption.

With regard to the liability deductible, it was also suggested that the minimum deductible be increased to \$100,000 in another three years.

The Committee discussed the revisions to the MOC’s. Robin Webb pointed out that the definition of damages is extremely broad as it includes attorney’s fee. A demand for reimbursement of attorney’s fee may trigger coverage as the MOC reads now. Also, coverage for emotional distress without bodily injury may be covered. This is broader than typical insurance industry policies, as most policy forms require the emotional stress to emanate from the bodily injury sustained.

A motion was made to approve the RPTG’s six recommendations as noted above and to delegate authority to OGC to evaluate with the Secretary-Auditor and Program Administrator the additional revisions proposed by OGC to the MOCs prior to final Board approval.

Motion: Kevin Saunders
 Second: Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			

Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

D8. Delegation of Authority to Negotiate and Execute Program Administration and Brokerage Services Agreements Extensions

Daniel Howell provided an overview of the Alliant Insurance Services CSURMA service agreements for Program Administrator and Brokerage Services. The current agreements expire at December 31, 2019; however, the agreements include up to four one-year extensions through December 31, 2023. The expiring service agreements include compensation based on a combination of set fees and percentage commissions. The expiring service agreements included a service fee increase of 2.5% for CY 2016 and 1.5% for CY’s 2017, 2018 and 2019. Alliant has proposed the following:

- Maintain a service fee annual increase of 1.5% for CY’s 2020, 2021 and 2022 where flat fees apply;
- Change all programs other than Liability, Property and Workers’ Compensation to an agreed upon commission schedule;
- Align OCIP administration and brokerage compensation with rates established by CPDC under CSURMA P&P No. 20; and
- Maintain the current AORMA Benefits Program compensation.

Alliant’s proposal would result in an increase of \$41,795 (1.5%) for Program Administration services and \$68,944 (4.9%) for Brokerage Services for FY 20/21 based on FY 19/20 basis.

The last RFP process for property and casualty services was conducted in 2013 and the current compensation agreement expires at December 31, 2019. The current agreements may be terminated by either party upon 90 days written notice.

A motion was made to approve a four year extension for both the Program Administration and the Brokerage Services agreements and to delegate authority to the Secretary-Auditor and the Treasurer to finalize the agreement extensions, subject to General Counsel’s review as to form, and to direct the Secretary-Auditor to begin the request for proposal process in two years.

Motion: Scott Apel
 Second: Amy Thomas

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

D9. Owner Controlled Insurance Program (OCIP) Policy and Procedure No. 20

This item was discussed after Item D13.

D10. Continuation of Support for Visual Compliance Software

Zachary Gifford provided an overview of the request for continued support of the Visual Compliance Software. CSURMA is asked to continue its one-third cost support at \$61,446 (for 2018/19) and in total for the remaining two-years of the contract. Currently, the cost is shared by Contracts, Risk Management and Grants – 1/3 each.

A motion was made to approve the one-third cost support of the Visual Compliance Software (\$61,446) for the three-year duration of the new term.

Motion: Kevin Saunders

Second: Thom Davis

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

D11. Proposed Amendments to the Campus Liability Program Memorandums of Coverage

There was no further discussion. The MOCs were discussed and direction was given during the discussion of Item D7.

D12. CSU International Programs Funding

The Committee members discussed the CSU International Programs (CSU IP). In January 2012 the CSU IP joined the CSU FTIP to obtain broader coverage and to facilitate services provided to Participants. At the time, FTIP was more expensive than the insurance purchased directly by CSU IP, however it was determined that FTIP offered significant advantages that reduce risk to the CSU. In addition, the new program included liability protection for the University. To ease the cost burden on Participants, the Executive Committee adopted a plan to moderately increase the rate charged to Participants over time. However, CSU IP’s claims unexpectedly increased, which necessitated further premium increases. As a result, actual costs escalated faster than the planned rate increases. This is recapped as follows:

**CSU International Programs
Foreign Travel Insurance Program**

Coverage Period	Premium Expense	CSU IP Contribution	Deficit	# Participants	CSU IP Paid per Participant	Actual Cost per Participant
01/15/12 - 06/30/13	\$132,400	\$95,710	(\$36,690)	563	\$170	\$235
07/01/13 - 06/30/14	\$125,000	\$89,250	(\$35,750)	525	\$170	\$238
07/01/14 - 06/30/15	\$209,250	\$119,050	(\$90,200)	530	\$225	\$395
07/01/15 - 06/30/16	\$277,983	\$137,225	(\$140,758)	500	\$274	\$556
07/01/16 - 06/30/17	\$289,135	\$187,500	(\$101,635)	500	\$375	\$578
07/01/17 - 06/30/18	\$310,929	\$214,800	(\$96,129)	537	\$400	\$579
07/01/18 - 06/30/19	\$291,225	\$214,800	(\$76,425)	500	\$430	\$582
Total Deficits			(\$577,587)			
<i>Estimated Renewal Terms:</i>						
07/01/19 – 06/30/20	\$291,225	\$214,800	(\$76,425)	500	\$430	\$582

Participants is total number of Staff (Resident Directors) and Students.

The Committee agreed to approve the current program cost deficit, but directed the FTIP task group to review the per participant cost as it has been flat for two years and to devise a plan to reduce the deficit.

A motion was made to (1) agree that the existing deficit of \$76,425 will be absorbed by the FTIP program fund reserve in the Liability Program Fund, (2) delegate authority to the Secretary-Auditor to bind the renewal program selected by the Director of CSU IP, (3) agree to change the CSU IP coverage period reflect a 10 month program period rather than a 12 month program period, and (4) decrease the number of participants to 430 rather than 500, taking into account that the

policy is auditable and should participation for the year be greater than 430, a premium adjustment will be provided at renewal for the following year.

Motion: Thom Davis
 Second: Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

D13. Policy and Procedure No. 27 – Process for Approving New Programs, Services or Funding Support

Daniel Howell reviewed the draft Policy and Procedure No. 27 – Process for Approving New Programs, Services or Funding Support.

The Committee directed Staff to amend the policy and procedure as follows:

Add 5. Any renewal of a previously approved program service or funding support will be subject to review as outlined in Procedures 1 through 4.

Add 1.g. Operating expense on campus as well as impact to the campus budget.

Motion: Kevin Saunders
 Second: Robert Eaton

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			

Amy Thomas	X			
------------	---	--	--	--

MOTION CARRIED

D9. Owner Controlled Insurance Program (OCIP) – Policy and Procedure No. 20

Jim Sowerbrower, Jim Holobaugh and Pam Quiroz joined the meeting via teleconference. CSURMA agreed to pay insurance premiums for campus construction projects that are enrolled in the Owner Controlled Insurance Program (OCIP) managed by the Chancellor’s Office (CPDC). Previously, the OCIP premiums were paid by campus projects. The change in procedure enabled construction projects enrolled in OCIP to realize the savings expected to be derived by OCIP. The changes also serve to facilitate premium payments, including project audits and premium adjustments. OCIP premiums paid by CSURMA are to be reimbursed by the projects via CPDC. The new procedures are to apply beginning with OCIP 2. CPDC, OCIP broker, and CSURMA staff met on August 22, 2019 to iron out details for Policy and Procedure No. 20, which serves to memorialize the understanding and responsibilities of CPDC and CSURMA.

Original contractors bid net projects paying premium and collateral. 2nd quarter of 2019, the new procedures begin. Old Republic will invoice 40% of the total premium up front and 60% of collateral.

The Committee directed Staff to provide regular reports on OCIP IIa so that CSURMA knows how the cash recovery has progressed through change orders.

A motion was made to approve the revisions to Policy and Procedure No. 20.

Motion: Robert Eaton
 Second: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura	X			
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton	X			
Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

D14. Office of General Counsel Cost Adjustment

Daniel Howell explained that as a part of the annual budget, the office of general counsel proposed a cost to CSURMA of \$502,594. This represents approximately the services of two full time litigators working on matters that are covered as CSURMA Campus Liability program claims (approximately 75% of the allocated cost) and also for the time spent serving as CSURMA General Counsel (approximately 25% of the allocated cost). OGC adopted a new compensation plan effective July 1 that results in an allocated cost increase of \$105,769 to CSURMA.

A motion was made to approve the revised allocation resulting in a new annual cost to CSURMA of \$608,363.

Motion: Scott Apel
 Second: Amy Thomas

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

D15. Risk Management Innovation Grant Program – Lab Safety Response Training

Amy Thomas discussed the grant proposal. Vance Kekoa who currently works at CSU San Marcos in the Office of Safety, Health and Sustainability has agreed to provide three two-day training sessions in Northern, Central and Southern California. Day 1 of the training will be reserved for expanded lab safety training with an emphasis on the spill response. Day 2 will include an interactive presentation with faculty and EH&S staff on practices and strategies that shape acceptable risk in the academic laboratory.

A motion was made to approve the grant proposal and provide funding of \$75,000.

Motion: Kevin Saunders
 Second: Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			

Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

D16. CSURMA Critical Events Toolkit

Mimi Long provided an overview of the new CSURMA Critical Events Toolkit which resides on the CSURMA website in the Risk Management Resources. This toolkit will continue to be improved.

D17. Foreign Travel Program Review Update

Jody Van Leuven provided an update regarding the Foreign Travel Insurance Program (FTIP). The FTIP working group has met twice. The goal of the working group is to streamline the FTIP process and make the tools currently being used more effective.

D18. CSURMA Master Calendar for Upcoming Trainings, Conferences and Events

Mimi Long provided an overview of the new CSURMA Master Calendar for Upcoming, Trainings, Conferences and Events which now resides on the CSURMA website homepage.

The Committee directed Staff to send out email blasts monthly reminding Campus and Auxiliary members of upcoming training.

E. OTHER PROGRAMS

E1. AORMA Programs Update

Dwayne Brummett reported on the recent activities of the AORMA Committee.

E2. AIME Program Update

Lisa Kao reported on the recent activities of the AIME Committee.

F. CLOSED SESSION

1. Moed adv. CSU San Francisco
2. John Doe (Class Action) v. CSU Fullerton
3. Herington (Class Action) v. CSU Fresno
4. Apodaca v. CSU San Marcos

5. Jane Doe (K.G.) v. CSU Sonoma
6. Freeman v. CSU San Bernardino
7. Burns v. CSU San Diego
8. In re: SF Science Building Coverage Dispute
9. Chavez v. CSU Northridge

A motion was made to enter closed session at 11:14 AM.

Motion: Kevin Saunders
 Second: Robert Eaton

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton	X			
Lisa Kao	X			
Dave Nakamura	X			
Kevin Saunders	X			
Amy Thomas	X			

MOTION CARRIED

The Committee came out of closed session at 11:38 PM. The Chair reported that direction was given regarding John Doe v. CSU Fullerton.

G. INFORMATION ITEMS

The Committee reviewed and discussed the information items.

- G1. Witt O’Brien’s Scope of Work and Project Outline – July 1, 2019 to June 30, 2020
- G2. Campus Workers' Compensation Program Aggregate Stop Loss Coverage Status (PARCEL)
- G3. CSURMA Committee Member Professional Development
- G4. FY 2019/20 Long Range Planning Goals – Update on Completion Status
- G5. CSURMA Administrative Service Calendar
- G6. 2019 CSURMA Meeting Calendar
- G7. CSURMA Executive Committee & Staff Contact List

H. ADJOURNMENT

The meeting was adjourned at 11:39 PM.

FINANCIAL REPORT
TREASURER’S REPORT ENDING SEPTEMBER 30, 2019

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 CSURMA Treasurer will be on hand to address questions.

RECOMMENDATION: It is recommended that the Executive Committee review and accept the Treasurer’s quarterly report letter dated October 28, 2019 as part of the Consent Calendar.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Treasurer’s Certification Letter dated October 28, 2019
- b. CSURMA Quarter Investment Report - July 1, 2019 to September 30, 2019



Officers


Lisa Chavez
Chair - 323-343-3500

Kevin Saunders
Vice Chair – 831-582-3000

Robert Eaton
Treasurer - 562-951-4572

Zachary Gifford
Secretary-Auditor - 562-951-4568

To: Executive Committee
CSU Risk Management Authority

From: Robert Eaton 
Treasurer
CSU Risk Management Authority

Re: Quarterly Investment Report
Ending September 30, 2019

Date: October 28, 2019

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 September 30, 2019. The report contains a portfolio summary which includes market value, return, yield, weighted average maturity (WAM), and duration for each of CSURMA Investment Portfolios: the CSU’s SWIFT Portfolio and the Fixed Income Portfolio with TCW (Met West).

The funds held in investments are sufficient to meet the Authority’s cash-flow needs for the following six (6) months.

As of September 30, 2019, the investments are in compliance with the Master Investment Policy of the Authority dated September 6, 2019 (the “MIP”), as duly authorized by the Executive Committee.

Robert Eaton
Treasurer
CSU Risk Management Authority

CSURMA

Quarterly Investment Report

July 1, 2019 - September 30, 2019

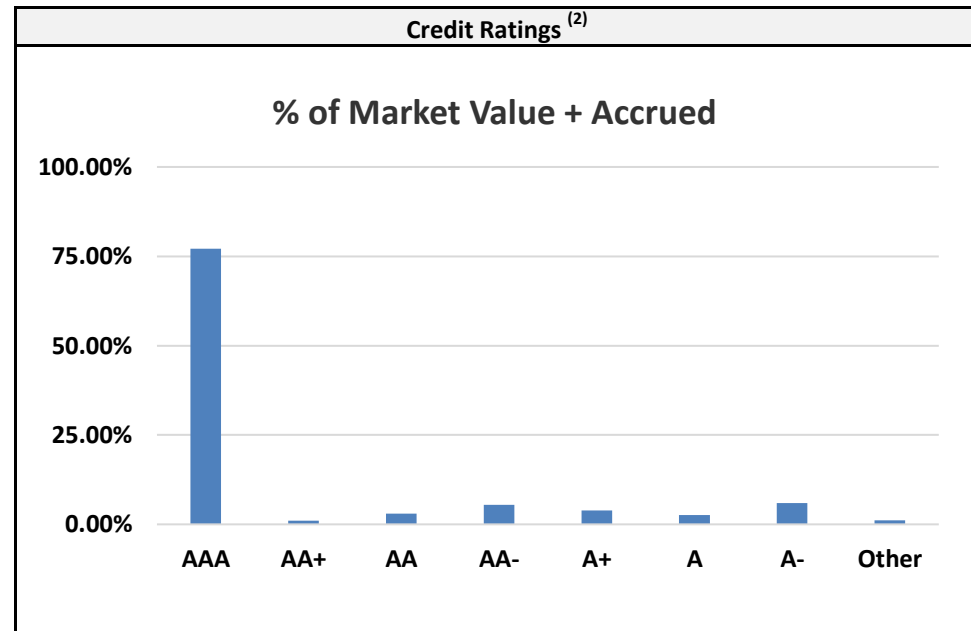
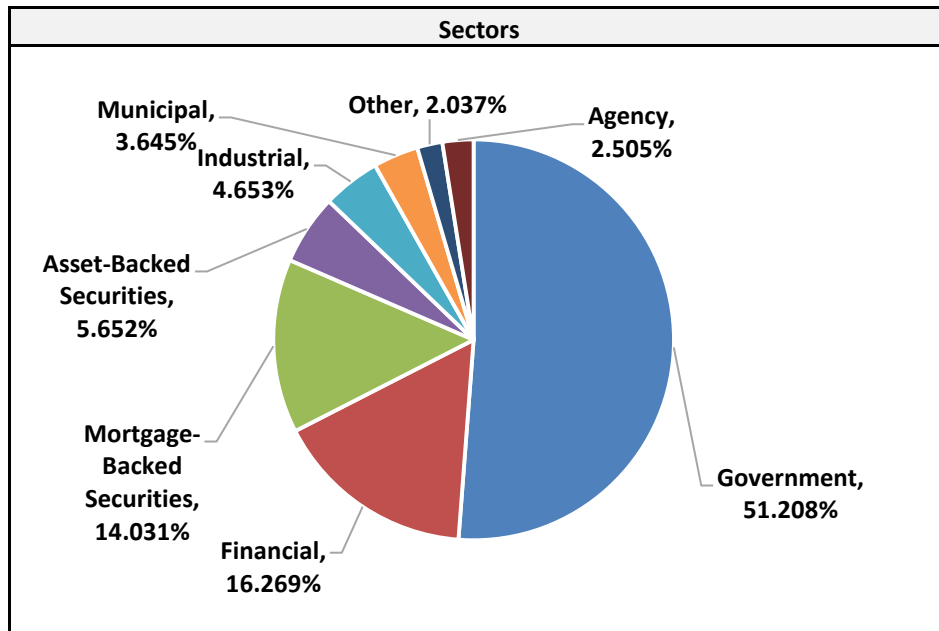
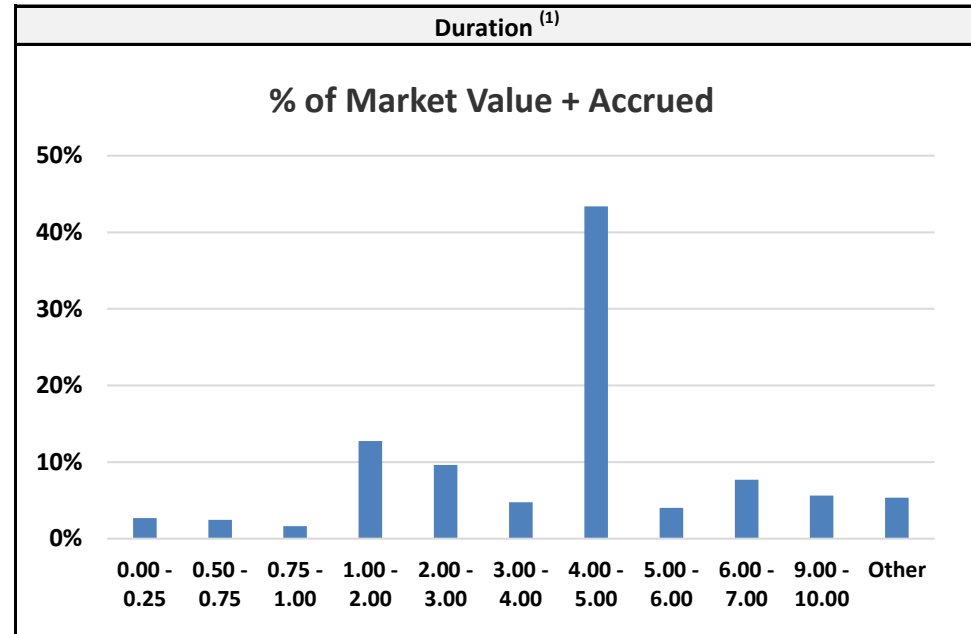
Prepared by Treasury

California State University Risk Management Authority

Fixed Income Portfolio (Auxiliary Investment Platform)

As of 09/30/2019

Portfolio Summary Total	
Total Assets	107,799,497
Duration	4.204
Yield	2.088
Avg Credit Rating	AA/Aa2
QE Performance	1.288%



⁽¹⁾ The Other category combines duration ranges and in aggregate equals 5.34% of the portfolio.

⁽²⁾ The Other category contains assets that do not fall within the seven specific charted credit ratings. These assets make 3.008% of the portfolio and include the following ratings: BBB+, BBB-, and A-1+.

California State University Risk Management Authority

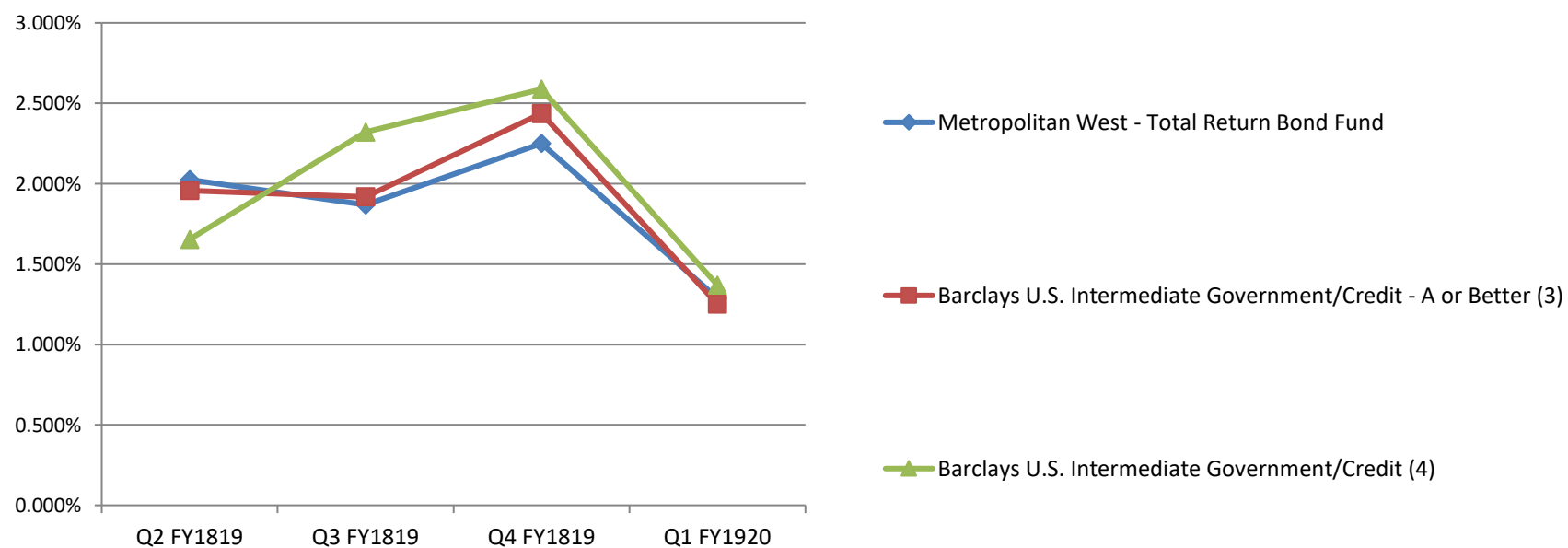
Fixed Income Portfolio (Auxiliary Investment Platform)

Performance Summary

Period Ending 09/30/2019

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
	09/30/2019	07/01/19 - 09/30/19	10/01/18 - 09/30/19	10/01/16 - 09/30/19	10/01/14 - 09/30/19	07/01/07 - 09/30/19			
Metropolitan West - Total Return Bond Fund	107,799,497	1.288%	7.638%	2.123%	2.097%	3.482%	2.088	8.342	4.204
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾		1.251%	7.776%	2.081%	2.430%	2.925%	1.764	4.147	3.810
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾		1.369%	8.165%	2.398%	2.675%	3.295%	1.935	4.269	3.916

Account / Index	Q2 FY1819	Q3 FY1819	Q4 FY1819	Q1 FY1920	Trailing 12 Month ⁽¹⁾
	10/01/18 - 12/31/18	01/01/19 - 3/31/19	04/01/19 - 6/30/19	07/01/19 - 09/30/19	10/01/18 - 09/30/19
Metropolitan West - Total Return Bond Fund	2.025%	1.868%	2.250%	1.288%	7.638%
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾	1.957%	1.918%	2.437%	1.251%	7.776%
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾	1.654%	2.321%	2.587%	1.369%	8.165%



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

(2) Weighted Average Maturity

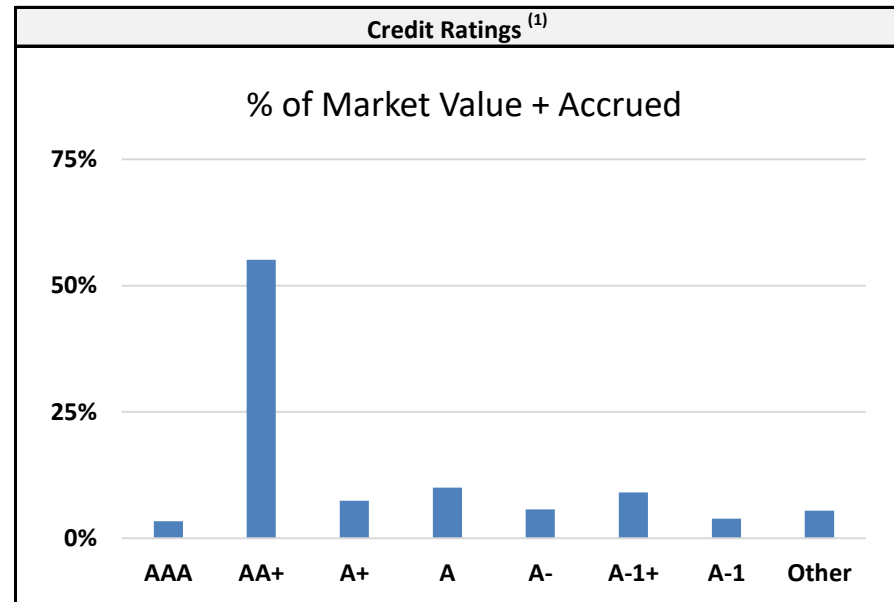
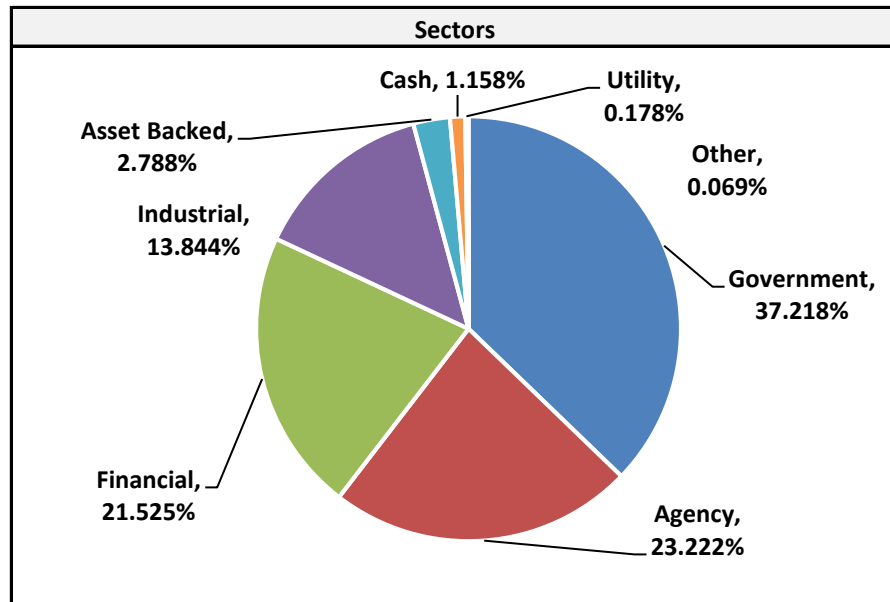
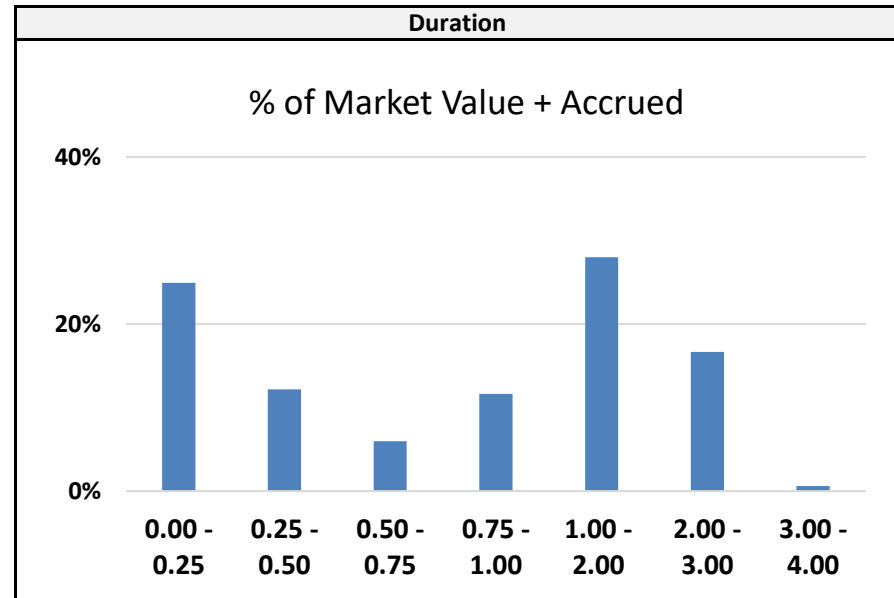
(3) Portfolio Benchmark as of 05/2014.

(4) Portfolio Benchmark prior to 05/2014.

California State University SWIFT Portfolio

As of 09/30/2019

Portfolio Summary Total	
Total Assets	34,681,919
Duration	1.065
Yield	1.875
Avg Credit Rating	AA-/Aa3
QE Performance	0.611%



⁽¹⁾ The other bucket contains assets that do not fall within the top seven credit ratings.

California State University Risk Management Authority

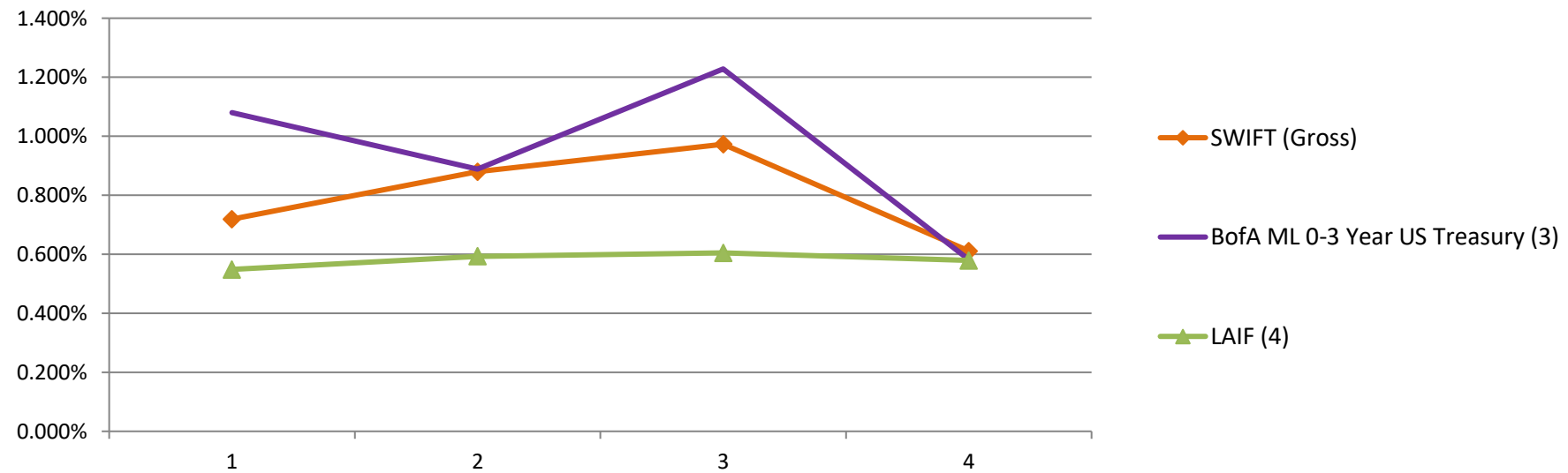
SWIFT Portfolio

Performance Summary

Period Ending 09/30/2019

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Trailing 10 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	09/30/19	07/01/19 - 09/30/19	10/01/18 - 09/30/19	10/01/16 - 09/30/19	10/01/14 - 09/30/19	10/01/09 - 09/30/19	07/01/07 - 06/30/19			
SWIFT - CSU Systemwide Investment Fund Trust (Gross)	34,681,919	0.611%	3.221%	1.671%	1.389%	0.988%	1.411%	1.875	1.268	1.065
BofA ML 0-3 Year US Treasury ⁽³⁾		0.582%	3.832%	1.565%	1.255%	1.028%	1.669%	1.758	1.492	1.448
LAIF - Local Agency Investment Fund ⁽⁴⁾		0.579%	2.346%	1.603%	1.120%	0.753%	1.169%	2.335		

Account / Index	Q2 FY1819	Q3 FY1819	Q4 FY1819	Q1 FY1920	Trailing 12 Month ⁽¹⁾
	10/01/18 - 12/31/18	01/01/19 - 03/31/19	04/01/19 - 06/30/19	07/01/19 - 09/30/19	10/01/18 - 09/30/19
SWIFT (Gross)	0.719%	0.880%	0.973%	0.611%	3.221%
BofA ML 0-3 Year US Treasury ⁽³⁾	1.081%	0.888%	1.228%	0.582%	3.832%
LAIF ⁽⁴⁾	0.549%	0.593%	0.605%	0.579%	2.346%



(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

FINANCIAL REPORT
DRAFT FINANCIAL STATEMENT AT SEPTEMBER 30, 2019

ISSUE: The Chancellor’s Office Financial Services Accounting prepares Financial Statements for CSURMA. The Executive Committee is asked to review the Draft Financial Statement as a part of the Consent Calendar. The Chancellor’s Office, Systemwide Accounting and Reporting Staff will be available at the meeting to answer questions.

RECOMMENDATION: It is recommended that the Executive Committee review and accept the Draft Financial Statement at September 30, 2019 as a part of the Consent Calendar.

FISCAL IMPACT: None.

BACKGROUND: Financial Statements provide a status of CSURMA’s financial position and are relied upon for decision making by the Executive Committee.

PUBLICATION: None.

ATTACHMENT(S):


- a. Draft Financial Statement at September 30, 2019

CSURMA Accounting
Financial Statement Internal Review
September 2019

Financial Highlights/Recent Developments:

- The short-term investments (SWIFT) of \$34,399,526 is 24% of the total investment balance. This is within the EC's approved target range of 15% to 40%.
- Dividend distributions that were declared in prior year for AORMA Liability and Workers' Compensation were paid this quarter, amounting to \$942,030 and \$393,680 respectively. The short-term investments balance for AORMA Workers' Compensation as of this quarter is negative \$295,300. This is expected as insurance premium payments and dividends are paid in Q1 and we will recover collections of quarterly contributions.
- Investment earnings and realized gains amounted to \$1,544,736, which includes unrealized loss of \$340,195. The majority of these investment earnings and realized gains are from MSSB investment portfolio.
- Changes to prepaid insurance premiums and unearned revenues will no longer be recognized on a quarterly basis. They will be recognized at year-end only. All major programs, except OCIP, have contributions and insurance premiums (direct expense) paid and earned/incurred in the same fiscal year. As such, the quarterly adjustment for prepaid insurance and unearned revenue is not necessary. Further, the income statement would be more comparable with the budget and useful for cash flow projections.
- In the September 2019 EC meeting, the EC declared and approved dividends of \$7,219,917 for the campus Workers' Compensation program. These dividends have been accrued as of this quarter. Distribution to campuses were made via CPO in October 2019. The Workers' Compensation program has \$13,223,994 of short-term investments as of quarter-end and is sufficient for distribution of the dividends.
- In the September 2019 AORMA meeting, the AORMA committee declared and approved dividends of \$782,985 and \$544,190 for the Liability and Workers' Compensation AORMA programs, respectively. The dividends have been accrued as of this quarter, and will be distributed in July 2020.
- Aside from accrued dividends, the other major accrual is for IDL/NDI/UI insurance premiums (direct expense) of \$6,735,000.
- In August 2019, OCIP IIB was launched via approved P&P 20. Under this new OCIP structure, the revenue contributions will be billed upon project enrollment and insurance premiums (direct expense) will be paid to the carrier throughout the construction period. We are not aware of any new projects enrolled during Q1 (pending Q1 quarterly report from Alliant.)
- Stanislaus campus paid \$818,541 of OCIP II premiums for its University Union Renovation project. Accounts receivable from OCIP II projects was \$5,433,646. No quarterly revenues will be accrued unless invoiced and accounts receivable will be trued-up at year-end.

- The Miscellaneous Purchased Insurance Program has \$444,507 in insurance premium expenses during the quarter, of which \$291,225 is for the FY 2019/20 CSU International Program. CSURMA has not yet billed the CO International Program department for the contributions. Per Alliant, the billing will be processed when the count of participants in the program is available, to reduce the deficit by year-end.
- Claims Payments & Legal Expenses for the quarter amounted to \$15,980,990. The projected annual balance is \$61,246,902, which is around the annual budgeted amount. Starting this fiscal year, the annual projection is based either on the budgeted balance determined by actuary or the 3-year historical actual quarterly trend (compared to the straight-line method).

	Date
	10/24/19
Mary Ek, Assistant VC/Controller, Financial Services - Accounting	

**California State University Risk Management Authority
Member Aged Accounts Receivable
As of 10/25/2019**

Client Name	Current	61-90	91-120	Over 121	Balance
Associated Students Inc, CPSU San Luis Obispo	\$32,651.00	\$0.00	\$0.00	\$0.00	\$32,651.00
Associated Students Inc, CSPU Pomona	\$22,946.00	\$0.00	\$0.00	\$0.00	\$22,946.00
a Associated Students Inc, CSU Bakersfield	\$0.00	\$7,405.00	\$0.00	\$0.00	\$7,405.00
Associated Students Inc, CSU Dominguez Hills	\$6,296.00	\$0.00	\$0.00	\$0.00	\$6,296.00
a Associated Students Inc, CSU Long Beach	\$31,323.00	\$113,185.00	\$0.00	\$0.00	\$144,508.00
Associated Students Inc, CSU Northridge	\$18,730.00	\$0.00	\$0.00	\$0.00	\$18,730.00
Associated Students Inc, CSU Sacramento	\$20,025.00	\$0.00	\$0.00	\$0.00	\$20,025.00
Associated Students Inc, CSU San Bernardino	\$1,651.00	\$0.00	\$0.00	\$0.00	\$1,651.00
Associated Students Inc, CSU Stanislaus	\$142.00	\$0.00	\$0.00	\$0.00	\$142.00
a Associated Students Inc, San Francisco State University	\$14,647.00	\$49,491.00	\$0.00	\$0.00	\$64,138.00
Associated Students of CSU, Chico	\$31,158.00	\$0.00	\$0.00	\$0.00	\$31,158.00
a Associated Students of Humboldt State University	\$0.00	\$7,955.00	\$0.00	\$0.00	\$7,955.00
a Associated Students, CSU Fullerton	\$29,928.00	\$107,663.00	\$0.00	\$0.00	\$137,591.00
a Associated Students, CSU Los Angeles	\$0.00	\$7,249.00	\$0.00	\$0.00	\$7,249.00
Associated Students, San Diego State University	\$15,844.00	\$0.00	\$0.00	\$0.00	\$15,844.00
Aztec Shops Ltd., San Diego State University	\$73,972.00	\$0.00	\$0.00	\$0.00	\$73,972.00
a Cal Poly Corporation	\$121,185.00	\$0.00	\$480.00	\$0.00	\$121,665.00
a Cal Poly Pomona Foundation, Inc.	\$118.00	\$0.00	\$135.00	\$0.00	\$253.00
a Cal Poly Pomona Philanthropic Foundation	\$0.00	\$3,445.00	\$0.00	\$0.00	\$3,445.00
a Cal State East Bay Educational Foundation	\$0.00	\$3,844.00	\$0.00	\$0.00	\$3,844.00
a Cal State LA University Auxiliary Services Inc	\$46,392.00	\$33,502.00	\$0.00	\$0.00	\$79,894.00
a California Maritime Academy Associated Students	\$0.00	\$7,791.00	\$0.00	\$0.00	\$7,791.00
a California Maritime Academy Foundation	\$0.00	\$3,788.00	\$0.00	\$0.00	\$3,788.00
a California State University San Marcos Corporation	\$16,594.00	\$104,549.00	\$0.00	\$0.00	\$121,143.00
a Capital Public Radio, Inc.	\$10,543.00	\$52,961.00	\$0.00	\$0.00	\$63,504.00
a Channel Islands Associated Students	\$0.00	\$4,740.00	\$0.00	\$0.00	\$4,740.00
Channel Islands University Auxiliary Services, Inc.	\$20,077.00	\$0.00	\$0.00	\$0.00	\$20,077.00
Chico State Enterprises	\$24,152.00	\$0.00	\$0.00	\$0.00	\$24,152.00
CSU Bakersfield Foundation	\$54.00	\$0.00	\$0.00	\$0.00	\$54.00
a CSU Bakersfield, Auxiliary for Sponsored Programs Admin	\$0.00	\$18,085.00	\$0.00	\$0.00	\$18,085.00
CSU Dominguez Hills Foundation	\$32,648.00	\$0.00	\$0.00	\$0.00	\$32,648.00
a CSU Dominguez Hills Philanthropic Foundation	\$0.00	\$4,144.00	\$0.00	\$0.00	\$4,144.00
a CSU East Bay Foundation	\$0.00	\$57,251.00	\$0.00	\$0.00	\$57,251.00
CSU Fresno Association	\$23,507.00	\$0.00	\$0.00	\$0.00	\$23,507.00
CSU Fresno Athletic Corporation	\$33,287.00	\$0.00	\$0.00	\$0.00	\$33,287.00
CSU Fresno Foundation	\$47,058.00	\$0.00	\$0.00	\$0.00	\$47,058.00
a CSU Long Beach Research Foundation	\$36,325.00	\$0.00	\$0.00	\$60.00	\$36,385.00
a CSU San Marcos Foundation	\$0.00	\$6,272.00	\$0.00	\$0.00	\$6,272.00
CSUSB Philanthropic Foundation	\$60.00	\$0.00	\$0.00	\$0.00	\$60.00
Donald P. & Katherine B. Loker University Student Union, Inc.	\$18,128.00	\$0.00	\$0.00	\$0.00	\$18,128.00
Forty-Niner Shops Inc, CSU Long Beach	\$80,984.00	\$0.00	\$0.00	\$0.00	\$80,984.00
HSU Real Estate Holdings	\$10,148.00	\$0.00	\$0.00	\$0.00	\$10,148.00
a Humboldt State Univ Sponsored Programs Foundation	\$32,333.00	\$0.00	\$260.00	\$0.00	\$32,593.00
Humboldt State University Advancement Foundation	\$7,974.00	\$0.00	\$0.00	\$0.00	\$7,974.00
Humboldt State University Center	\$32,986.00	\$0.00	\$0.00	\$0.00	\$32,986.00
a San Jose State University Research Foundation	\$32,926.00	\$11,541.00	\$0.00	\$0.00	\$44,467.00
Santos Manuel Student Union, CSU San Bernardino	\$8,915.00	\$0.00	\$0.00	\$0.00	\$8,915.00
Sonoma State University Enterprises, Inc	\$151.00	\$0.00	\$0.00	\$0.00	\$151.00
a Spartan Shops Inc., San Jose State University	\$2,602.00	\$111,124.00	\$0.00	\$0.00	\$113,726.00
Student Union Inc, San Jose State University	\$59,881.00	\$0.00	\$0.00	\$0.00	\$59,881.00
a Student Union of CSU Bakersfield	\$0.00	\$13,137.00	\$0.00	\$0.00	\$13,137.00
The University Corporation, CSU Northridge	\$105,877.00	\$0.00	\$0.00	\$0.00	\$105,877.00
a The University Corporation, San Francisco State	\$5,835.00	\$4,686.00	\$0.00	\$0.00	\$10,521.00
a The University Foundation of Sacramento State	\$0.00	\$6,591.00	\$0.00	\$0.00	\$6,591.00
University Corporation at Monterey Bay	\$29,237.00	\$0.00	\$0.00	\$0.00	\$29,237.00
University Enterprises Corporation at CSUSB	\$21,536.00	\$0.00	\$0.00	\$0.00	\$21,536.00
University Enterprises Inc. CSU Sacramento	\$107,018.00	\$0.00	\$0.00	\$0.00	\$107,018.00
University Student Union Board, CSU Los Angeles	\$11,026.00	\$0.00	\$0.00	\$0.00	\$11,026.00
University Student Union, CSU Northridge	\$54,173.00	\$0.00	\$0.00	\$0.00	\$54,173.00
University Student Union, CSU Stanislaus	\$251.00	\$0.00	\$0.00	\$0.00	\$251.00
Totals:	\$1,960,930.66	\$744,244.00	\$875.00	\$60.00	\$2,706,109.66

Notes pertaining to invoices over 60 days old:

- a Member has indicated that payment will be processed.
- b Working with Alliant to get balances resolved.

**California State University Risk Management Authority
Outstanding Member Loan Status
As of September 30, 2019**

Loan Pool: 15% of the overall average cash and investment for the preceding 12 months (Oct 2018 - Sep 2019) \$ 18,784,425

Member	Maturity Date	Original Issue Date	Original Issue Amount	Outstanding Loan Balance 9/30/2019	Outstanding Loan Balance 06/30/2019
Humboldt State University	Oct 2022	Jun 2017	\$ 1,800,000	\$ 1,637,923	\$ 1,637,923
Total Loans			\$ 1,800,000	\$ 1,637,923	\$ 1,637,923

Remaining Amount Available for Member Loans \$ 17,146,502

Per CSURMA P&P No. 10:

Loans to a single Member Campus (and its associated Member Auxiliary Organizations) shall not exceed 5% of the overall average cash and investments for the preceding 12 months. \$ 6,261,475

**California State University Risk Management Authority
Travel Expenses Report**

Processed between July 1, 2019 and September 30, 2019

Travel Dates	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
6/5/2019	Scott Bourdon	Los Angeles	LAUSD EHS Director - Lead in Drinking Water discussion	\$ -	\$ -	\$ 29.00	\$ 29.00
6/6/2019	Scott Bourdon	Northridge	Campus visit	\$ -	\$ -	\$ 52.20	\$ 52.20
7/7 - 7/9/2019	Scott Bourdon	Sacramento	California DOH meeting; UCD EHS office; RSS Academy meeting	\$ 285.00	\$ 29.97	\$ 426.22	\$ 741.19
7/15 - 7/18/2019	Zachary Gifford	Sacramento	Praesidium Guardian Workshop	\$ 458.85	\$ 103.28	\$ 442.28	\$ 1,004.41
7/12 - 7/22/2019	Scott Bourdon	Indianapolis	CSHEMA Conference	\$ 684.45	\$ 52.23	\$ 652.02	\$ 1,388.70
7/16 - 7/19/2019	Jody Van Leuven	Sonoma	CSU Emergency Managers Conference	\$ 541.74	\$ 21.00	\$ 362.89	\$ 925.63
7/27 - 8/3/2019	Scott Bourdon	Humboldt	EHS/RM Team meetings, Safety Drive Officer meeting	\$ 186.24	\$ 8.72	\$ 155.09	\$ 350.05
7/31 - 8/2/2019	Zachary Gifford	Paso Robles	AORMA Officers' Retreat	\$ 277.98	\$ 65.62	\$ 277.48	\$ 621.08
8/8/2019	Zachary Gifford	Sacramento	Sedgwick WC meeting and Thank You Luncheon at Sedgwick	\$ -	\$ -	\$ 192.67	\$ 192.67
8/11 - 8/13/2019	Scott Bourdon	San Luis Obispo	EHS Affinity Group meetings	\$ 414.50	\$ 43.27	\$ 212.09	\$ 669.86
8/13 - 8/16/2019	Zachary Gifford	Folsom / Oakland	CSAC EIA Underwriting Committee and Strategic Planning at CSAC; CSU Stewardship with Sedgwick and Genex & Optum, Sedgwick WC Doubleplay meeting at Sedgwick	\$ 509.15	\$ 94.57	\$ 438.37	\$ 1,042.09
8/29 - 9/2/2019	Jody Van Leuven	San Francisco	Foreign Travel Insurance Program review with Alliant	\$ -	\$ -	\$ 142.30	\$ 142.30
9/4 - 9/6/2019	Zachary Gifford	San Diego	CSURMA AORMA & EC meeting at Alliant	\$ 525.64	\$ 14.00	\$ 244.31	\$ 783.95
9/5 - 9/6/2019	Jody Van Leuven	San Diego	CSURMA EC meeting at Alliant	\$ 213.13	\$ 7.00	\$ 113.60	\$ 333.73
9/11 - 9/13/2019	Zachary Gifford	South Lake Tahoe	CAJPA Conference	\$ 446.92	\$ 58.21	\$ 423.75	\$ 928.88
9/15 - 9/19/2019	Zachary Gifford	Boston	URMIA Conference	\$ 1,181.06	\$ 61.71	\$ 296.67	\$ 1,539.44
9/15 - 9/19/2019	Jody Van Leuven	Boston	URMIA Conference	\$ 1,282.84	\$ 90.12	\$ 436.05	\$ 1,809.01
9/17 - 9/19/2019	Scott Bourdon	San Jose	Executive Facilities Officers - Directors of Facilities Operations meeting	\$ 525.04	\$ 39.69	\$ 524.31	\$ 1,089.04
			07/01/2019 to 09/30/2019	\$ 7,532.54	\$ 689.39	\$ 5,421.30	\$ 13,643.23
			GRAND TOTAL	\$ 7,532.54	\$ 689.39	\$ 5,421.30	\$ 13,643.23

California State University Risk Management Authority

Balance Sheets - Campus Programs as of 9/30/2019

(Unaudited)

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>IDL/NDI/UI</u>	<u>Property</u>	<u>AIME</u>	<u>Auto Liability</u>	<u>Total Campus Programs As of 9/30/2019</u>
Assets:							
Cash and Investments	14,750,240	13,223,994	11,279,221	525,905	3,001,399	688,469	43,469,228
Other long-term investments	25,976,217	50,057,676	6,077,389	2,536,200	4,778,741	0	89,426,223
Accounts receivable	609,449	1,975,318	0	0	0	0	2,584,767
Loans receivable	0	0	0	0	0	0	0
Reinsurance receivable	0	28,871	0	0	0	0	28,871
Prepaid insurance	0	0	0	0	0	0	0
Prepaid expense	0	1,000,108	0	0	910,922	0	1,911,030
Total assets:	<u>41,335,905</u>	<u>66,285,968</u>	<u>17,356,610</u>	<u>3,062,105</u>	<u>8,691,062</u>	<u>688,469</u>	<u>137,420,119</u>
Liabilities:							
Accounts payable	6,417	8,710,788	6,740,794	3,926	356,642	0	15,818,567
Unearned revenue	0	0	0	0	0	0	0
SELF assessment liability	0	4,091,079	0	0	0	0	4,091,079
Reported claims	9,137,924	17,804,358	0	0	122,455	0	27,064,737
Claims incurred but not reported	15,032,516	7,388,940	0	0	2,449,105	0	24,870,561
Total liabilities:	<u>24,176,857</u>	<u>37,995,165</u>	<u>6,740,794</u>	<u>3,926</u>	<u>2,928,202</u>	<u>0</u>	<u>71,844,944</u>
Fund balance	17,159,048	28,290,803	10,615,816	3,058,179	5,762,860	688,469	65,575,175
Total liabilities and fund balance	<u>41,335,905</u>	<u>66,285,968</u>	<u>17,356,610</u>	<u>3,062,105</u>	<u>8,691,062</u>	<u>688,469</u>	<u>137,420,119</u>

California State University Risk Management Authority

Balance Sheets - AORMA Programs as of 9/30/2019

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs As of 9/30/2019
Assets:						
Cash and Investments	2,681,260	(295,300)	277,476	92,525	1,216,843	3,972,803
Other long-term investments	7,189,971	4,533,877	1,652,383	380,248	4,468,053	18,224,531
Accounts receivable	743,105	265,176	220,993	46,916	18,895	1,295,085
Loans receivable	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0
Prepaid insurance	0	0	0	0	0	0
Prepaid expense	156,950	155,000	0	0	0	311,950
Total assets:	<u>10,771,285</u>	<u>4,658,753</u>	<u>2,150,852</u>	<u>519,688</u>	<u>5,703,790</u>	<u>23,804,369</u>
Liabilities:						
Accounts payable	840,407	616,688	872	79	247,272	1,705,318
Unearned revenue	0	0	0	0	0	0
SELF assessment liability	0	0	0	0	0	0
Reported claims	1,531,069	1,111,364	0	0	0	2,642,433
Claims incurred but not reported	1,009,149	786,996	0	0	0	1,796,145
Total liabilities:	<u>3,380,625</u>	<u>2,515,048</u>	<u>872</u>	<u>79</u>	<u>247,272</u>	<u>6,143,896</u>
Fund balance	7,390,660	2,143,705	2,149,980	519,609	5,456,518	17,660,473
Total liabilities and fund balance	<u>10,771,285</u>	<u>4,658,753</u>	<u>2,150,852</u>	<u>519,688</u>	<u>5,703,790</u>	<u>23,804,369</u>

California State University Risk Management Authority

Balance Sheets - Miscellaneous Programs as of 9/30/2019

(Unaudited)

	Misc Purchased	OCIP	Club Sports	Loans	Total Misc Programs As of 9/30/2019	Grand Total All Programs As of 9/30/2019
Assets:						
Cash and Investments	(452,676)	(11,120,468)	168,561	(1,637,923)	(13,042,505)	34,399,526
Other long-term investments	0	0	148,743	0	148,743	107,799,497
Accounts receivable	25,439	5,433,646	0	0	5,459,085	9,338,937
Loans receivable	0	0	0	1,637,923	1,637,923	1,637,923
Reinsurance receivable	0	0	0	0	0	28,871
Prepaid insurance	0	7,680,853	0	0	7,680,853	7,680,853
Prepaid expense	0	822,336	54,124	0	876,460	3,099,440
Total assets:	(427,237)	2,816,367	371,428	0	2,760,559	163,985,047
Liabilities:						
Accounts payable	0	176,981	138	0	177,119	17,701,005
Unearned revenue	0	0	0	0	0	0
SELF assessment liability	0	0	0	0	0	4,091,079
Reported claims	0	0	0	0	0	29,707,170
Claims incurred but not reported	0	0	0	0	0	26,666,706
Total liabilities:	0	176,981	138	0	177,119	78,165,960
Fund balance	(427,237)	2,639,386	371,290	0	2,583,439	85,819,087
Total liabilities and fund balance	(427,237)	2,816,367	371,428	0	2,760,559	163,985,047

California State University Risk Management Authority
Income Statements - Campus Programs as of 9/30/2019
(Unaudited)

	Liability	Workers' Compensation	IDL/NDI/UI	Property	AIME	Auto Liability	Total Campus Programs
OPERATING REVENUES:							
Contributions	18,704,581	40,781,992	16,800,000	11,461,104	4,760,949	1,408,547	93,917,173
Reinsurance premiums	(2,490,076)	0	0	(7,620,173)	0	0	(10,110,249)
Total operating revenues:	16,214,504	40,781,992	16,800,000	3,840,931	4,760,949	1,408,547	83,806,923
OPERATING EXPENSES:							
DIRECT PROGRAM EXPENSES:							
Claims payment & legal expenses	1,850,000	4,696,495	6,735,000	1,010,375	927,034	0	15,218,904
Deductible recoveries	(606,686)	0	0	0	0	0	(606,686)
Claims administrators	0	962,292	19,556	0	50,000	0	1,031,847
Claims management information system	67,426	81,549	11,949	6,514	3,593	0	171,030
Program administrator	108,166	237,085	89,042	60,391	27,680	0	522,364
Brokerage commissions	378,799	1,376	568	695,321	1,096	0	1,077,161
Insurance premiums	3,258,425	33,307,361	0	3,255,959	6,817	0	39,828,562
Miscellaneous program services	4,417	0	0	0	0	0	4,417
Workshops/training	6,960	16,786	6,691	3,645	0	0	34,082
Loss control	894,340	15,822	0	16,307	0	0	926,469
Reinsurance/excess recovery	0	(4,431,189)	0	0	0	0	(4,431,189)
Program committee	0	0	0	0	332	0	332
Dividend distributions	0	7,219,917	0	0	0	0	7,219,917
Total direct program expenses:	5,961,847	42,107,493	6,862,806	5,048,511	1,016,552	0	60,997,208
GENERAL & ADMINISTRATIVE EXPENSES:							
Financial audit	6,417	14,066	5,794	3,926	1,642	0	31,845
Executive committee & board expenses	317	761	304	165	91	0	1,637
JPA insurance	5,145	11,024	4,551	2,709	1,367	0	24,796
Memberships, associations & dues	1,469	27,769	1,176	664	355	0	31,434
Chancellor's office accounting services	68,186	149,432	56,114	38,069	17,428	0	329,229
Risk management expenses	28,503	62,435	25,705	17,379	7,297	0	141,319
Miscellaneous indirect services	9,574	8,658	3,506	2,256	1,010	0	25,005
Total general & administrative expenses:	119,611	274,146	97,151	65,168	29,191	0	585,267
Total operating expenses:	6,081,458	42,381,639	6,959,957	5,113,679	1,045,742	0	61,582,475
NON-OPERATING REVENUES:							
Investment income	386,787	684,508	119,352	34,005	71,900	0	1,296,553
Total non-operating revenues:	386,787	684,508	119,352	34,005	71,900	0	1,296,553
BEGINNING RETAINED EARNINGS	10,094,128	21,657,444	(461,410)	6,460,096	1,722,859	(84,364)	39,388,754
NET SURPLUS/(DEFICIT)	10,519,834	(915,139)	9,959,395	(1,238,743)	3,787,106	1,408,547	23,521,001
ENDING RETAINED EARNINGS	20,613,962	20,742,305	9,497,985	5,221,354	5,509,966	1,324,183	62,909,755

**California State University Risk Management Authority
Income Statements - AORMA Programs as of 9/30/2019**

(Unaudited)

	<u>AORMA Liability</u>	<u>AORMA Workers' Comp</u>	<u>AORMA Property</u>	<u>AORMA Crime</u>	<u>AORMA UIP</u>	<u>Total AORMA Programs</u>
OPERATING REVENUES:						
Contributions	4,482,655	1,508,978	2,545,761	230,559	286,702	9,054,655
Reinsurance premiums	(1,461,936)	0	(1,840,540)	0	0	(3,302,476)
Total operating revenues:	3,020,719	1,508,978	705,221	230,559	286,702	5,752,179
OPERATING EXPENSES:						
DIRECT PROGRAM EXPENSES:						
Claims payment & legal expenses	74,094	422,661	0	0	247,000	743,755
Deductible recoveries	0	0	0	0	0	0
Claims administrators	4,000	58,842	0	0	3,675	66,517
Claims management information system	3,210	3,812	1,887	179	535	9,623
Program administrator	287,171	306,328	161,963	14,741	50,568	820,771
Brokerage commissions	73,739	189	210,800	16,088	73	300,889
Insurance premiums	255,680	3,698,699	246,173	178,284	0	4,378,836
Miscellaneous program services	0	0	0	0	0	0
Workshops/training	1,001	2,127	1,063	99	272	4,562
Loss control	54,464	61,772	12,367	813	2,434	131,851
Reinsurance/excess recovery	0	(328,669)	0	0	0	(328,669)
Program committee	608	683	350	32	104	1,778
Dividend distributions	782,985	544,190	0	0	0	1,327,175
Total direct program expenses:	1,536,952	4,770,634	634,602	210,237	304,662	7,457,088
GENERAL & ADMINISTRATIVE EXPENSES:						
Financial audit	1,545	1,648	872	79	272	4,416
Executive committee & board expenses	82	97	48	5	14	244
JPA insurance	1,261	1,517	630	84	584	4,076
Memberships, associations & dues	50	2,808	28	3	9	2,897
Chancellor's office accounting services	16,439	17,510	9,229	865	2,884	46,927
Risk management expenses	6,863	7,342	3,862	354	1,251	19,672
Miscellaneous indirect services	959	1,033	516	49	225	2,782
Total general & administrative expenses:	27,198	31,955	15,184	1,439	5,238	81,014
Total operating expenses:	1,564,151	4,802,589	649,786	211,676	309,900	7,538,102
NON-OPERATING REVENUES:						
Investment income	101,417	56,164	21,908	5,172	61,425	246,086
Total non-operating revenues:	101,417	56,164	21,908	5,172	61,425	246,086
BEGINNING RETAINED EARNINGS	6,268,117	5,324,721	2,237,041	462,615	5,544,715	19,837,208
NET SURPLUS/(DEFICIT)	1,557,985	(3,237,448)	77,344	24,055	38,227	(1,539,837)
ENDING RETAINED EARNINGS	7,826,101	2,087,273	2,314,385	486,669	5,582,942	18,297,371

California State University Risk Management Authority
Income Statements - Miscellaneous Programs as of 9/30/2019

(Unaudited)

	Misc Purchased	OCIP	Club Sports	Total Misc Programs	Grand Total All Programs
OPERATING REVENUES:					
Contributions	235,821	818,541	41,502	1,095,864	104,067,692
Reinsurance premiums	0	0	0	0	(13,412,725)
Total operating revenues:	235,821	818,541	41,502	1,095,864	90,654,967
OPERATING EXPENSES:					
DIRECT PROGRAM EXPENSES:					
Claims payment & legal expenses	0	0	18,332	18,332	15,980,990
Deductible recoveries	0	0	0	0	(606,686)
Claims administrators	0	5,445	8,000	13,445	1,111,809
Claims management information system	0	3,459	287	3,746	184,399
Program administrator	0	852,341	0	852,341	2,195,476
Brokerage commissions	76,667	23,747	25,424	125,838	1,503,888
Insurance premiums	444,507	676,989	223,375	1,344,870	45,552,268
Miscellaneous program services	0	0	0	0	4,417
Workshops/training	0	0	0	0	38,644
Loss control	0	0	0	0	1,058,320
Reinsurance/excess recovery	0	0	0	0	(4,759,858)
Program committee	0	0	0	0	2,110
Dividend distributions	0	0	0	0	8,547,092
Total direct program expenses:	521,174	1,561,981	275,418	2,358,572	70,812,868
GENERAL & ADMINISTRATIVE EXPENSES:					
Financial audit	0	3,601	138	3,739	40,000
Executive committee & board expenses	0	88	7	95	1,977
JPA insurance	0	2,352	113	2,465	31,337
Memberships, associations & dues	0	104	5	109	34,440
Chancellor's office accounting services	0	34,361	1,483	35,844	412,000
Risk management expenses	0	15,936	613	16,549	177,540
Miscellaneous indirect services	0	1,825	84	1,908	29,695
Total general & administrative expenses:	0	58,266	2,443	60,709	726,990
Total operating expenses:	521,174	1,620,246	277,861	2,419,281	71,539,858
NON-OPERATING REVENUES:					
Investment income	0	(413)	2,511	2,098	1,544,736
Total non-operating revenues:	0	(413)	2,511	2,098	1,544,736
BEGINNING RETAINED EARNINGS	23,257	4,487,992	515,675	5,026,923	64,252,885
NET SURPLUS/(DEFICIT)	(285,353)	(802,118)	(233,847)	(1,321,318)	20,659,845
ENDING RETAINED EARNINGS	(262,096)	3,685,874	281,827	3,705,605	84,912,730

California State University Risk Management Authority

Income Statement as of 9/30/2019

(Unaudited)

	Budget vs. Actual			
	FY 2019/20 Budget	Fiscal Year-to-Date	Variance	Percent of Budget
OPERATING REVENUES:				
Contributions	118,034,699	104,067,692	13,967,007	88.17 %
Reinsurance premiums	(13,126,744)	(13,412,725)	285,981	102.18 %
Total operating revenues:	104,907,955	90,654,967	14,252,988	86.41 %
OPERATING EXPENSES:				
DIRECT PROGRAM EXPENSES:				
Claims payment & legal expenses	61,079,362	15,980,990	45,098,371	26.16 %
Deductible recoveries	(3,803,763)	(606,686)	(3,197,077)	15.95 %
Claims administrators	4,517,260	1,111,809	3,405,451	24.61 %
Claims management information system	125,541	184,399	(58,858)	146.88 %
Program administrator	2,821,119	2,195,476	625,643	77.82 %
Brokerage commissions	1,428,437	1,503,888	(75,450)	105.28 %
Insurance premiums	57,828,501	45,552,268	12,276,232	78.77 %
Taxes, assessments & fees	310,494	0	310,494	0.00 %
Actuarial services	34,913	0	34,913	0.00 %
Claims audit	11,500	0	11,500	0.00 %
Coverage counsel	15,000	0	15,000	0.00 %
Program legal	24,500	0	24,500	0.00 %
Miscellaneous program services	10,300	4,417	5,884	42.88 %
Workshops/training	222,100	38,644	183,456	17.40 %
Loss control	1,070,252	1,058,320	11,932	98.89 %
Reinsurance/excess recovery	(19,757,706)	(4,759,858)	(14,997,848)	24.09 %
Program committee	8,446	2,110	6,336	24.98 %
Dividend distributions	6,135,297	8,547,092	(2,411,795)	139.31 %
Total direct program expenses:	112,081,553	70,812,868	41,268,684	63.18 %
GENERAL & ADMINISTRATIVE EXPENSES:				
Financial audit	40,000	40,000	0	100.00 %
Executive committee & board expenses	36,458	1,977	34,481	5.42 %
JPA insurance	17,139	31,337	(14,198)	182.84 %
Memberships, associations & dues	46,115	34,440	11,675	74.68 %
Chancellor's office accounting services	412,000	412,000	0	100.00 %
Risk management expenses	1,159,500	177,540	981,960	15.31 %
JPA legal	114,736	0	114,736	0.00 %
Miscellaneous indirect services	29,451	29,695	(244)	100.83 %
Total general & administrative expenses:	1,855,399	726,990	1,128,409	39.18 %
Total operating expenses:	113,936,952	71,539,858	42,397,094	62.79 %
NON-OPERATING REVENUES:				
Investment income	2,500,000	1,544,736	955,264	61.79 %
Total non-operating revenues:	2,500,000	1,544,736	955,264	61.79 %
NET SURPLUS/(DEFICIT)	(6,528,997)	20,659,845	(27,188,842)	(316.43)%

ADOPTION OF FY 2020/21 CSURMA MEETING CALENDAR

ISSUE: To give Committee Members sufficient time to finalize their work calendars, the Committee will be asked to approve the CSURMA meeting calendar for the upcoming fiscal year, rather than just the upcoming calendar year. Shown below are the proposed meeting dates for calendar year 2020 as well as the entire 2020/21 fiscal year.

January 12, 2020 3:30 PM EC (Coronado) **
March 5, 2020 2:30 PM EC (San Francisco)
March 6, 2020 8:30 PM EC LRP (San Francisco)
May 8, 2020 8:30 AM EC (Long Beach)
May 8, 2020 10:30 AM BOD (Long Beach)
September 10, 2020 4:00 PM EC (TBD) *
September 11, 2020 8:30 AM EC (TBD)
October 23, 2020 8:30 AM EC (Long Beach)
October 23, 2020 10:30 AM BOD (Long Beach)
*December 4, 2020 8:30 AM EC (TBD) *****
January 2021 3:30 PM EC (TBD) **
March 4, 2021 2:30 PM EC (TBD)
March 5, 2021 8:30 AM EC LRP (TBD)
*May 7, 2021 8:30 AM EC (TBD) ****
*May 7, 2021 10:30 AM BOD (TBD) ****

- * *New EC member orientation (on an as needed basis).*
- ** *Both EC meetings in January will be held at the beginning of the AOA Conference.*
- *** *The May, 2021 EC and BOD meetings will most likely be held during the Fitting the Pieces Together Conference so these meeting dates may change.*
- **** *The Committee may decide to cancel December 2020 meeting since they will be meeting one month later at the AOA Conference.*

RECOMMENDATION: Staff recommends approving the proposed CSURMA meeting dates for FY 2020/21.

FISCAL IMPACT: None.

BACKGROUND: The meeting locations will be established at a later date.

PUBLICATION: The approved calendar will be posted on the CSURMA website and will be included in all of the agenda packets.

ATTACHMENT(S):

- a. FY 2019/20 CSURMA Meeting Calendar
- b. FY 2020/21 CSURMA Meeting Calendar

FY 2019/20 CSURMA MEETING CALENDAR

JULY 2019				AUGUST 2019				SEPTEMBER 2019			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
				TBD		AOA EC	TBD	4	9:00 AM	AORMA New Member	San Diego
				1 - 2	11:00 AM	AORMA Officers Retreat	Paso Robles	4	10:00 AM	AORMA LRP	San Diego
								5	9:00 AM	AORMA	San Diego
								5	4:00 PM	EC Orientation	San Diego
								6	8:30 AM	EC	San Diego
OCTOBER 2019				NOVEMBER 2019				DECEMBER 2019			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
14	10:30 AM	AIME	TBD	TBD		AOA EC	TBD	5	11:00 AM	AORMA	San Francisco
	2:00 PM	BOD Orientation	Teleconference	6 - 7		Fitting the Pieces Conf.	San Francisco	6	8:30 AM	EC	TBD
24	10:00 AM	AORMA	TBD	8	9:00 AM	EC	San Francisco				
25	8:30 AM	EC	TBD	8	10:30 AM	BOD	San Francisco				
25	10:30 AM	BOD	TBD	<p>*** The EC and BOD meetings will be held during FTPC ***</p> <p>*** Crowne Plaza SFO Airport Hotel ***</p>							
JANUARY 2020				FEBRUARY 2020				MARCH 2020			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
12	3:30 PM	EC (AOA Conference)	Coronado, CA					5	10:00 AM	AORMA	CANCELED
13	10:30 AM	AIME	San Francisco, CA					5	2:30 PM	EC	San Francisco
12 - 15		AOA Annual Conference	Coronado, CA					6	8:30 AM	EC LRP	San Francisco
APRIL 2020				MAY 2020				JUNE 2020			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
					2:00 PM	BOD Orientation	Teleconference	TBD		AOA EC	TBD
				7	1:30 PM	AORMA	Long Beach				
				8	8:30 AM	EC	Long Beach				
				8	10:30 AM	BOD	Long Beach				
				12	10:30 AM	AIME	Long Beach				

AORMA = Auxiliary Organizations Risk Management Alliance Committee
 AIME = Athletic Injury Medical Expense Committee
 AORMA LRP = AORMA Long Range Planning Meeting

AOA = CSU Auxiliary Organizations Association
 BOD = CSURMA Board of Directors
 EC = CSURMA Executive Committee

EC LRP = EC Long Range Planning Meeting

FY 2020/21 CSURMA MEETING CALENDAR

JULY 2020				AUGUST 2020				SEPTEMBER 2020			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
TBD	11:00 AM	AORMA Officers Retreat	TBD	TBD		AOA EC	TBD	9	10:00 AM	AORMA New Member	TBD
								9	11:00 AM	AORMA LRP	TBD
								10	9:00 AM	AORMA	TBD
								10	4:00 PM	EC Orientation	TBD
								11	8:30 AM	EC	TBD
OCTOBER 2020				NOVEMBER 2020				DECEMBER 2020			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
12	10:30 AM	AIME	TBD	TBD		AOA EC	TBD	3	10:00 AM	AORMA	TBD
22	2:00 PM	BOD Orientation	Teleconference					4	8:30 AM	EC	TBD
22	10:00 AM	AORMA	CANCELED								
23	8:30 AM	EC	Long Beach								
23	10:30 AM	BOD	Long Beach								
JANUARY 2021				FEBRUARY 2021				MARCH 2021			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
TBD	10:30 AM	AIME						4	2:30 PM	EC	TBD
TBD	3:30 PM	EC (AOA Conference)	TBD					5	8:30 AM	EC LRP	TBD
TBD		AOA Annual Conference	TBD								
APRIL 2021				MAY 2021				JUNE 2021			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
					2:00 PM	BOD Orientation	Teleconference	TBD		AOA EC	TBD
				6	1:30 PM	AORMA	TBD				
				7	8:30 AM	EC	TBD				
				7	10:30 AM	BOD	TBD				
					10:30 AM	AIME					

AORMA = Auxiliary Organizations Risk Management Alliance Committee
 AIME = Athletic Injury Medical Expense Committee
 AORMA LRP = AORMA Long Range Planning Meeting

AOA = CSU Auxiliary Organizations Association
 BOD = CSURMA Board of Directors
 EC = CSURMA Executive Committee

EC LRP = EC Long Range Planning Meeting

LIABILITY CLAIMS ADMINISTRATOR SERVICE PERFORMANCE AUDIT

ISSUE: The Executive Committee engaged Dennis Mitchell of Bickmore Risk Servicers (BRS) to conduct a performance review of its claims administrators for Campus Liability Program (Chancellor’s Office) and AORMA Liability Program (Carl Warren & Company). The review was performed in August and the Auditor has submitted draft reports of its findings and recommendations for review at today’s meeting.

BRS performed the last claim audits for Campus Liability and AORMA Liability in 2017. To ensure consistency of review, the Executive Committee authorized the Secretary-Auditor to engage BRS as claims auditor for 2019. The claims administration audit for AIME was completed in 2018 and therefore was not conducted against in 2019.

RECOMMENDATION: The Committee will be asked to review and accept the claims administration audit reports.

FISCAL IMPACT: None; the cost for the audits were included within the FY 18/19 CSURMA budget.

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 summary for AORMA Liability
- b. BRS audit report summary for Campus Liability



2019 General Liability and Errors and Omissions Claim Audit

AORMA - CSU Auxiliary Organizations

October 25, 2019



October 25, 2019

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

RE: **AORMA – CSU Auxiliary Organizations
2019 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:

Direct: 916.290.4616
Mobile: 916.416.0033
E-mail: demitchell@bickmore.net

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

Respectfully submitted,

DRAFT

Dennis Mitchell, CPCU, SCLA, ARM
Senior Claims Consultant

Table of Contents

I. Executive Summary.....	1
II. Detailed Findings.....	11
1. Claims Intake.....	11
2. Investigation.....	12
3. Plan of Action/Documentation.....	13
4. Reserve Management.....	15
5. Statutory Compliance.....	16
6. Communication.....	17
7. Claims Management Information System (CMIS).....	18
8. Claim Disposition and Payment.....	18
9. Litigation/Recovery Management.....	19

Tables

I-1 Pending Caseloads.....	3
I-2 Performance Enhancement Recommendations Summary.....	5

Exhibits

I-1 Scoring by Component with Financials.....	7
I-2 Scoring by Component Summary Graph.....	8
I-3 Claim Intake and Pending Analysis.....	9
I-4 Performance Assessment Methodology.....	10

Appendices

- A - Claims Audit List
- B - Component, Subcomponent, and Criteria Scores with Exceptions
- C - Carl Warren & Company Public Entity Liability Claims Handling Best Practices
- D - 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 approximately 90 covered 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 not entitled to the protections afforded to public entities by the California Government Code.

The AORMA Liability Fund is self-insured for the first \$5,000,000 of each occurrence. AORMA purchases reinsurance in the amount of \$4,500,000 in excess of \$500,000. Therefore, AORMA's self-insured layer retains only \$500,000 of each occurrence with the \$4,500,000 reinsurance provided by Markel and Great American. Coverage in excess of \$5,000,000 is provided through AORMA's participation in the Campus liability excess insurance placements. AORMA members have liability deductibles between \$25,000 to \$100,000 applicable only to employment practices liability.

AORMA's liability claims are administered by Carl Warren and Company (CW), a third party administrator (TPA), located in Tustin, 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 current CW claims administration staff;
- Reviewed selected AORMA Policies and Procedures (P & P) relating to the administration of claims, member coverage, and litigation;
- Reviewed "Carl Warren & Company Public Entity Liability Claims Handling Best Practices" (Standards)¹ outlining claims administration procedures;

¹ See Appendix C,

- Reviewed open and closed claims data and selected the sample of 30 liability claims shown in Appendix A;
- Reviewed the sample claims remotely and onsite at CW's Tustin, California office from July 15 through July 19, 2019, to determine whether CW claims administration meets industry best practices. All sample claims for this audit were electronic and no physical claim files were involved. The auditor was provided access to the proprietary *MyCarlWarren* (MCW) system which contains statistical and financial information on each claim along with the adjuster's notes. Documents associated with each file are stored on a secure server. While access to the server was not provided to the auditor, copies of documents related to each file were provided in electronic format;
- Provided daily feedback communicating our findings to CW's Litigation Manager during the onsite audit; and
- Provided our findings to CW's Litigation Manager to validate results. We discussed the findings onsite, concluding discussions by telephone and e-mail through September 13, 2019.

We were provided with the history of open and closed claims as of June 2019. Our analysis of the data reflected 46 open pending claims and we randomly selected 17 open and 13 closed claims for review. Eight claims (31%²) of the sample are litigated, compared to the overall pending litigation rate of 18%² of the open claims.

For the three years ending December 31, 2018, annual claim intake³ averages 54 with 54 closures, for a 100% closing ratio. Maintaining a closing ratio of 100% or better promotes control of pending claims and usually stabilizes staffing requirements. Liability claims comprise 64% of the new claim intake and 83% of the open pending claims, with about 26% of those claims relate to employment practices or other personal injury. Exhibit I-3 graphically illustrates these statistics.

The AORMA team is led by the Litigation Manager in CW's Glendale office and supported by Senior Claims Examiners in the Tustin and San Bernardino offices. Account coordination and management, including supervision of the two senior examiners, is the responsibility of the Litigation Manager.

AORMA team members handle claims for other CW clients and Table I-1 is provided to confirm reasonableness of adjuster pending caseloads and the percentage of AORMA claims for each adjuster. The highest caseload among the adjusting team is 100, which is within parameters of what we observe as reasonable among administrators of public entity claims.

² Litigation percentages apply only the population of GL/EPL/PI claims.

³ Excludes "incident" and subrogation claims.

Table I – 1
Pending Caseloads⁴

Adjuster	AORMA	Other	% AORMA
YA	20	30	40%
AD	6	55	10%
BT	18	82	18%
Total	44	167	

CW provides no administrative support beyond recording the initial report of incident.

We find overall performance at 92%, indicating a **Commendable** performance level, as shown in Exhibit I-4.

We find:

- CW demonstrates substantial compliance with the contract, industry best practices, and its internal procedures;
- All components measured scored acceptable or better, with five of nine components scoring superior;
- Generally, claim reporting by members is timely;
- Claim set-up and assignment by CW is prompt, but initial contacts with members and claimants require improvement;
- CW provides prompt and thorough investigations; the few claims where investigation is not complete at thirty days would benefit from an action plan for completion;
- Index reporting requires improvement, with only 42% of qualifying claims reported;
- Timeliness for setting initial reserves requires improvement;
- Communications among members, CW, and defense counsel are excellent;
- Payments are generally timely and accurate; and
- Litigation is well-managed; however, some defense firms do not consistently provide a timely initial case evaluation or budget.

Section II contains further detail on our findings.

⁴ Caseload information provided by CW as of 7/17/2019.

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 Standards. Results are shown in Exhibit I-1 "Scoring by Component with Financials," and graphically in Exhibit I-2.

We provide further detail on our performance assessment strategy in Exhibit I-4.

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

To improve performance we recommend implementing the enhancements discussed in Table I-2.

DRAFT

Table I-2
Performance Enhancement Recommendations Summary

Performance Component	Performance Enhancement Recommendations
Investigation	<p>We recommend CW improve timeliness of investigation by:</p> <ul style="list-style-type: none"> • Increasing supervision to ensure compliance with industry best practices and CW Standards for initial contact with members and claimants; • Requiring adjusters to develop an action plan to complete outstanding investigation which has not been completed within 30 days to include: <ul style="list-style-type: none"> - Identification of planned activities; and - Target dates when estimating completion of activities. <p>We recommend CW improve quality of investigation by:</p> <ul style="list-style-type: none"> • Complying with industry best practices and CW Standards to report claims where bodily injury is alleged to the Insurance Services Office (ISO) through its ClaimSearch database to identify prior claim history; • Bringing suspected fraudulent claims to the attention of claims management and AORMA and determine whether investigation is sufficient to report to the authorities or further investigation is required; and • Requiring adjusters to analyze the investigation and its results and determine the extent of the member’s negligence and the comparative negligence of other parties.
Plan of Action/ Documentation	<p>We recommend CW improve timeliness of documentation of planned activities by requiring adjusters to:</p> <ul style="list-style-type: none"> • Develop an action plan focused on moving claim toward resolution within 30 days of assignment, including: <ul style="list-style-type: none"> - Specific activities; and - Time frames for completing activities. • Update action plans at intervals of 30 to 45 days, or as decided by claims management; and • Document all claim file-related activities within one business day of the activity taking place.
Reserve Management	<p>We recommend CW improve reserve management by:</p> <ul style="list-style-type: none"> • Updating CW Standards to include time frame requirements for setting initial reserves and adjusting to maintain ongoing accuracy, including requiring adjusters to: <ul style="list-style-type: none"> - Set the initial reserve within two business days of receipt of the claim and updating as additional facts become available; and - Review the reserve at intervals no greater than 120 days and document the review in the file notepad. • Increasing supervision to monitor reserve accuracy and ensure adjusters:

Performance Component	Performance Enhancement Recommendations
	<ul style="list-style-type: none"> - Consider the most probable outcome in establishing the indemnity reserve; and - Promptly set an expense reserve when there is an expectation expenses will be incurred; and - Close claims within 30 days of final activities barring extenuating circumstances.
Litigation/Recovery Management	<p>We recommend CW improve management of litigation by requiring defense counsel to provide an initial case analysis and budget within 30 days of their receipt of the suit as required by AORMA Policy and Procedure L-2. This requires the adjuster to:</p> <ul style="list-style-type: none"> • Monitor for the return of defense counsel’s signed acknowledgment of the retention letter; • Monitor for receipt of counsel’s initial evaluation and budget; • Follow up personally with counsel for these items within five days of the due date; and • Discuss with AORMA the appropriate steps to take to gain compliance, including notifying counsel of suspension of payments.⁵

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

⁵ See Appendix D for sample letter.

Exhibit I-1 Scoring by Component with Financials

Claims Reviews Completed:	30	Actual Reserve:	\$1,072,493			
Incurred:	\$1,762,107	Recommended Reserve:	\$975,863			
Paid:	\$689,614	Net Reserve Change:	(\$96,631)			
Claims Administration Component	Claims Graded	Number of Responses for Component			Score	
		Yes	No	NA	2019	2017
01 Claims Intake	23	130	6	44	96%	98%
02 Investigation	25	100	15	155	87%	97%
03 Plan of Action/Documentation	27	186	23	91	89%	91%
04 Reserve Management	30	158	26	86	86%	96%
05 Statutory Compliance	27	28	0	92	100%	99%
06 Communication	27	51	0	39	100%	100%
07 Claim Management Information System	27	127	3	20	98%	100%
08 Claim Disposition and Payment	22	135	5	340	96%	95%
09 Litigation/Recovery Management	13	71	10	339	88%	86%
Overall Claims Administration	30	986	88	1,206	92%	95%

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

Exhibit I-2
Scoring by Component Summary Graph

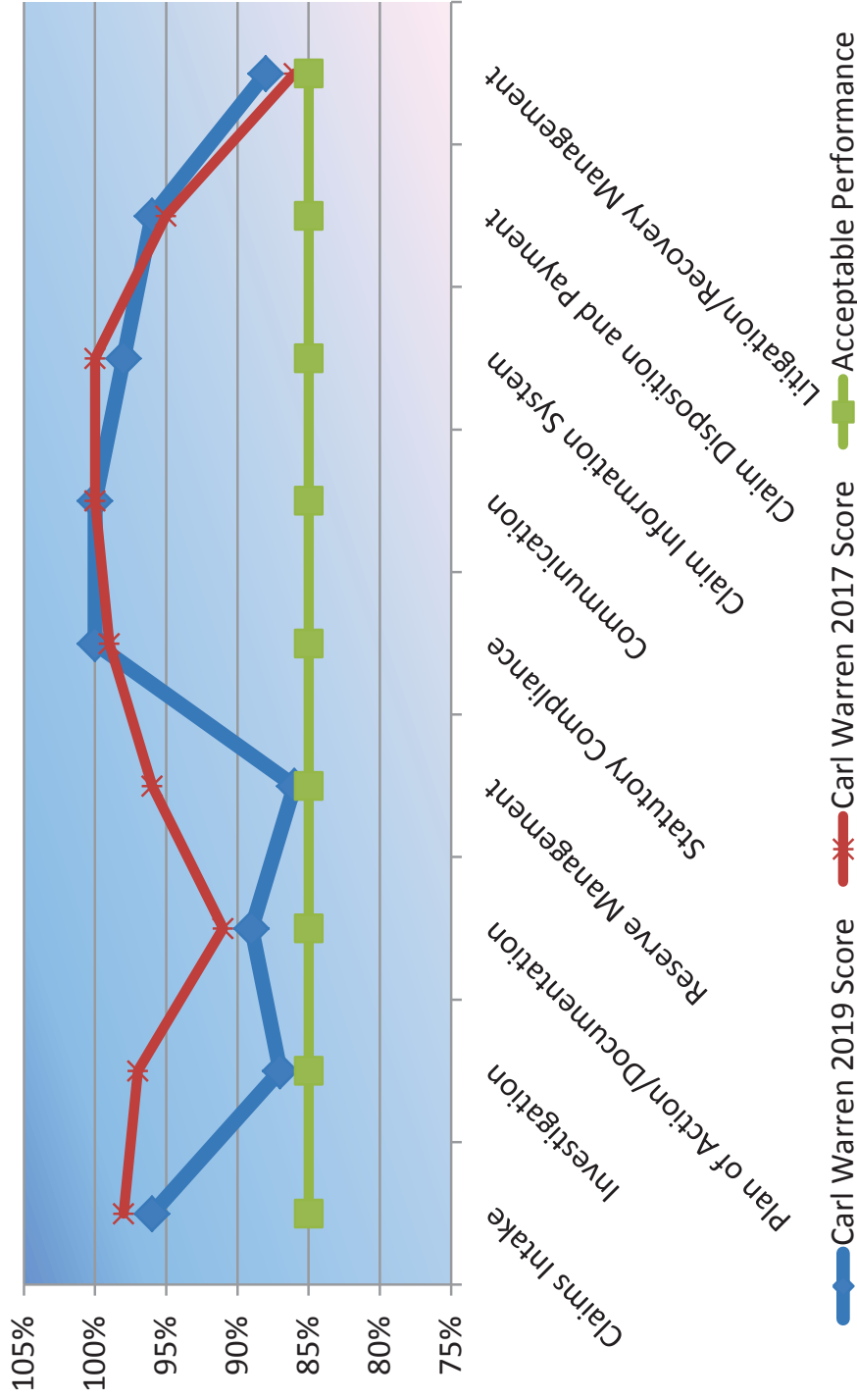
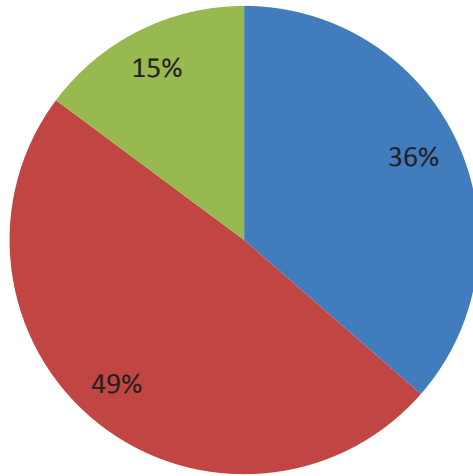


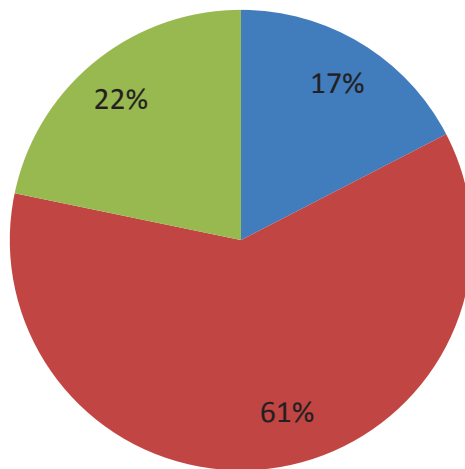
Exhibit I-3 Claim Intake and Pending Analysis

Claim Intake
2016 through 2018



■ Auto ■ GL ■ EPL/PI

Claims Pending
As of June 19, 2019



■ Auto ■ GL ■ EPL/PI

Exhibit I-4 Performance Assessment Methodology

To arrive at our performance assessment, we evaluate nine separate claims handling components for each claim. Components are listed in Exhibit 1-1. For each component, we ask several questions (criteria) which may be answered “Yes,” “No,” or “Not Applicable” as they relate to whether performance requirements (expectations) are met for that claim.

For each claim we review, we provide a scoring form with details to CW’s Litigation Manager and consider feedback provided. The auditor provides a narrative explanation for any “No” finding. Details of these feedback forms are not provided with this report because of potential confidentiality issues, but will be provided to AORMA upon request.

Evaluation	Criteria
Yes	Where performance requirements are met.
No	Where deficiencies may contribute to increased claim costs.
Not Applicable	Where performance requirements are not applicable for claim circumstances presented.

By scoring each component using the performance evaluation criteria above and dividing the ‘Yes’ findings by possible findings (‘yes’ plus ‘no’ findings), we determine the compliance percentage or score shown in Exhibit I-1. This approach prevents a criterion involving a few claims from unduly influencing the overall score.

Using the performance evaluation scale shown below, we assess performance setting an acceptable target at 85% considering the compliance percentage for each component by claim and across all claims.

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

II. Detailed Findings

This chapter provides our findings for each component we measure. Throughout this section we consider compliance requirements of:

- The Third Party Claims Administration Contract between AORMA and CW effective July 1, 2016;
- CW's own requirements stated in CW's Standards which we attach in Appendix C; and
- AORMA's guidelines stated in its Policies and Procedures.

Our findings also 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, which has already been provided to CW.

1. Claims Intake

Score: 96%

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 two business days; and
- Verify the Memorandum of Coverage (MOC) applies to the loss date and the claim facts.

CW's Guidelines support best practices by requiring:

- Creation and assignment of new claims within two business days of receipt and setting the initial reserve within seven days of receipt of claim;
- Adjusters to contact with claimant within two business of receipt of the claim; and
- Adjusters to set and maintain a diary to review each claim at 30 day intervals.

AORMA encourages timely claim reporting by penalizing members by reducing coverage according to a sliding scale based on how late the claim is reported. All claims are reported timely.

Claims are recorded in MCW where the adjuster enters financial and statistical information and notes relating to the investigation of the file. Correspondence, investigation, and other documents are maintained on a secure server and no paper files are maintained.

Caseloads are manageable as indicated in Table I-1 where we provide the total pending claims for each team member. Each team member has over 20 years of claims experience.

Per Appendix B, we note 136 requirements with six exceptions, exceeding industry standards with a **superior** performance assessment. Three of the six exceptions we note involve a delay of claim set up exceeding five days.

2. Investigation

Score: 87%

Industry best practices require:

- Initiating timely contact with required parties within one business day of assignment;
- Documenting contact attempts and results;
- Substantially 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 timely and properly conducted investigation ensures an accurate understanding of the facts to determine liability. Prompt liability determination promotes early resolution and may avoid litigation. If litigation does occur, discovery can be more focused.

CW's Standards indicate the goal to be to investigate promptly, establish liability, and provide a comprehensive evaluation within 30 days.

Per Appendix B, we note 115 requirements and 15 exceptions. The 25 claims eligible for review reflect:

- Initial contacts with the claimant and member are not consistently completed within 24 – 48 hours. The three exceptions included contact with both members and claimants (or their attorneys);
- When timely contact is completed the adjuster obtains all required information, including medical authorizations on bodily injury claims;
- Adjusters complete most investigations within 15 days, but in those claims where investigation remained outstanding after 30 days, we noted two where there was no documented action plan to complete the remaining items;
- Statements, police reports, photographs and other evidence are obtained when necessary;
- Less than half of the claims alleging bodily injury contained documentation of a report to the ISO index bureau. We note seven exceptions for 12 requirements;
- One claim which was suspected as possibly fraudulent based on the claimant's claim history was not pursued but should have been discussed with management; and
- We note two claims which did not contain a timely documented analysis of the extent of the member's negligence and comparative negligence of other parties.

We evaluate performance for Investigations as acceptable and provide recommendations for improvement in Table I-2.

3. Plan of Action/Documentation

Score: 89%

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 communication between adjuster, member, claimant, and defense counsel;
- 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;
- Documenting with clarity and professionalism;
- Recording file material received by date stamp or other electronic means, and maintaining in chronological order, or electronically, by scanning and naming logically to promote prompt retrieval, when necessary; and
- Acknowledgment by the adjuster of receipt of significant documentation stating its relevance to the claim.

CW supports industry best practices by requiring:

- An initial case assessment reported to the client within seven days of assignment;
- An update POA within 30 days of receipt and every 30 days thereafter, or as agreed with the client; and
- System-generated diary dates at 30 days or as needed.

Per Appendix B, for overall performance, we note 23 exceptions for 209 requirements and 27 claims eligible for performance grading. The results in an overall **acceptable** performance, meeting industry standards. Review of the claim sample reflects:

- The largest numbers of exceptions, with nine each, relate to documenting and updating the action plan and establishing time frames and dates for completion;
- Adjuster activities are focused on resolution of the claim with only one exception noted;
- Diary frequency is supported by the facts of the claim;
- Documentation supporting adjuster actions is found in the files with three exceptions noted for 25 opportunities; and
- File material is date-stamped, documentation is clear and professional.

We provide recommendations for improvement in Table I-2.

4. Reserve Management

Score: 86%

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:

- Initial loss reserve set within seven days of receipt of the claim; and
- Consideration of multiple factors in determining ultimate reserves, which represents the MPO.

All 30 sample claims are reviewed for this component. Per Appendix B, we note 184 requirements and 26 exceptions and evaluate overall performance as **acceptable**, meeting industry standards. Most exceptions relate to timeliness of initial reserving and accuracy of expense reserves. Our review of the audit sample reflects:

- CW sets a “placeholder” reserve when a new claim is entered prior to assignment to an adjuster;
- The initial reserve set by the adjuster upon review of the case facts is timely in about half the qualifying claims in the sample with delays ranging as high as 52 days;
- Adjustments are timely suggesting frequent review of reserves; however, we note three exceptions where the adjuster did not document review of the reserve;

- Adjusters document reserve rationale, with one exception noted;
- Indemnity and expense reserves are evaluated separately;
- Indemnity reserves are accurate, but expense reserves are not consistently established for claims where expenses are anticipated. We recommend five reserve adjustments, three increases and two decreases for a net decrease of (\$96,631) to the total outstanding reserves of \$1,072,493 for the audit sample reflected in Appendix A;
- The recommended decrease represents 9% of the total outstanding reserves. Our actuarial partners advise reserve adjustments less than 10% do not impact actuarial results; and
- All but two sample claims are closed within 30 days of the final payment.

We provide our recommendations for improvement in Table I-2.

5. Statutory Compliance

Score: 100%

Best practices require compliance with:

- Any state Fair Claims Practices Act;
- Government code section(s) relating to filing or responding to claims, if appropriate, 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 over the years and the current reporting threshold is now \$750. 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
\$1,000	October 1, 2014	January 1, 2015
\$750	January 1, 2017	April 1, 2017

*Within the quarter beginning on this date.

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 Guidelines require certain system fields to be completed to facilitate reporting.

This workflow is dependent on the adjuster:

- Completing the ISO ClaimSearch index with information required to query Medicare; and
- Recording the positive Medicare-eligibility finding in CW’s claim system.

Per Appendix B, we note 28 requirements and no exceptions for the 27 claims eligible for scoring. We evaluate performance as **superior**. Review of the sample reflects:

- CW adjusters comply with the spirit of the California Fair Claims Practices Act although not required by law to do so;
- No Medicare-eligible claimants were included in the sample; and
- Although immunities applicable to public entities are not applicable to the auxiliaries, we note one claim where immunities were evaluated as the defense of the University had been tendered and accepted.

6. Communication

Score: 100%

Best practices require:

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

Per Appendix B, all requirements are met. We evaluate performance as **superior**.

7. *Claims Management Information System (CMIS)*

Score: 98%

Best practices require:

- CMIS support of claims handling efficiency, including:
 - CMIS fields adequate to collect data required to handle claims;
 - System is managed to promote easy identification of electronic documents attached to claim files through use of file and folder naming conventions; 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.

Per Appendix B, we note 130 requirements and three exceptions and evaluate performance as **superior**, exceeding industry standards. The exceptions included minor errors with entry and update of data.

8. *Claim Disposition and Payment*

Score: 96%

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.

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.

Per Appendix B, we note 140 requirements and five exceptions overall for claim disposition and payment. We evaluate performance as **superior**, exceeding industry standards. Review of the claim sample reflects:

- Three of the five exceptions relate to claim evaluation and documentation, either insufficient documentation of property damage (1) or application of damage offsets (2);
- Two exceptions related to untimely (1) or inaccurate (1) payments;
- We note no exceptions to:
 - Timely evaluations;
 - Properly documenting evaluations and negotiations with negotiations demonstrating adequate planning;
 - Obtaining releases prior to issuing payments;
 - Requesting settlement authority timely, clearly outlining the issues to allow informed decision making;
 - Documenting settlement authority in the claim file; and
 - Supporting payment requests with adequate documentation.

9. *Litigation/Recovery Management*

Score: 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.

The Policy requires defense counsel to be responsive to the TPA.

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 litigation management guidelines are excellent as they set communication standards and require budgeting to promote cost projections.

Excluding auto-related claims, 18% of the open pending claims and 31% of the audit sample are litigated.

We evaluate performance for litigation management as **acceptable**, meeting industry standards. Per Appendix B, we note 81 requirements and ten exceptions with six of those exceptions for counsel's not providing a timely initial evaluation and litigation budget, both which require improvement. Review of the sample claims reflect:

- Without exception, CW refers new litigation to a panel firm within five days;
- CW uses the required engagement letter with one exception noted;
- Panel counsel demonstrates the necessary expertise to defend assigned cases and generally provides a thorough 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 two of ten qualifying⁶ claims; and
 - Counsel demonstrates non-compliance to CW's request for a litigation budget in five of nine qualifying claims.
- Counsel's subsequent reporting as required by AORMA is timely;
- We noted no penal action taken when counsel is non-compliant with file reporting requirements; and
- With one exception, legal billings 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.

No claims involving potential recovery are noted in the audit sample.

We provide recommendations to improve performance in Table I-2.

⁶ "Qualifying" claims are those claims for which an initial analysis and/or case budget is due during the current audit period.

Appendix A
Claims Audit List

DRAFT

Claims Audit List

Claim Number	Claimant	Member	DOL	Type	Status	Total Reserve \$	Recommended* Reserve \$	
1.	1582137	FIE	CSU LOS ANGELES UNIVERSITY AUXILIARY SERVICES	8/11/2009	LEP	Closed	\$0	\$0
2.	1910830	SAN	CSU SAN DIEGO RESEARCH FOUNDATION	1/1/2012	LPI	Open	\$129,462	\$45,000
3.	1946868	GRA	CPSU POMONA FOUNDATION	5/19/2016	LEP	Closed	\$0	\$0
4.	1950262	ESP	CSU FULLERTON ASSOCIATED STUDENTS	10/13/2016	LBI	Closed	\$0	\$0
5.	1953168	CAR	CSU SAN JOSE SPARTAN SHOPS, INC.	9/22/2016	LPI	Closed	\$0	\$0
6.	1971627	HEA	LONG BEACH RESEARCH FOUNDATION	3/1/2017	LEP	Closed	\$0	\$0
7.	1974155	KIE	CSU LONG BEACH FORTY NINER SHOPS, INC.	11/17/2017	LBI	Closed	\$0	\$0
8.	1975465	PAD	CPSU POMONA FOUNDATION	9/12/2017	LEP	Open	\$32,628	\$32,628
9.	1975493	CAS	CPSU POMONA FOUNDATION	12/19/2017	LPI	Closed	\$0	\$0
10.	1979174	BOY	CSU SACRAMENTO ASSOCIATED STUDENTS, INC.	1/12/2018	LBI	Closed	\$0	\$0
11.	1979246	OWE	CSU FRESNO AGRICULTURAL FOUNDATION	3/9/2018	LBI	Closed	\$0	\$0
12.	1979246-002	OWE	CSU FRESNO AGRICULTURAL FOUNDATION	3/9/2018	LPD	Closed	\$0	\$0
13.	1979835	FLE	CSU SAN DIEGO RESEARCH FOUNDATION	4/6/2018	LEP	Open	\$35,069	\$35,069
14.	1984678	FIE	CSU FRESNO ASSOCIATION	8/22/2018	APD	Closed	\$0	\$0
15.	1985019	DEB	CSU SACRAMENTO ASSOCIATED STUDENTS, INC.	10/24/2016	LEP	Open	\$151,833	\$151,833
16.	1985046	RIC	CSU LOS ANGELES UNIVERSITY AUXILIARY SERVICES	2/25/2018	LBI	Open	\$325,276	\$325,276
17.	1987739	DAV	CSU LONG BEACH ASSOCIATED STUDENTS, INC.	10/20/2017	LEP	Open	\$74,679	\$74,679
18.	1988412	BEL	CSU FRESNO ASSOCIATION	11/19/2018	LBI	Open	\$8,500	\$10,000

Claim Number	Claimant	Member	DOL	Type	Status	Total Reserve \$	Recommended* Reserve \$
19.	KES	CPSU POMONA FOUNDATION	12/10/2018	APD	Closed	\$0	\$0
20.	LIT	CSU CHICO RESEARCH FOUNDATION	9/19/2018	LEP	Open	\$50,669	\$0
21.	SAN	CPSU POMONA FOUNDATION	10/25/2018	LEP	Open	\$77,238	\$77,238
22.	ESP	CPSU POMONA ASSOCIATED STUDENTS, INC.	1/12/2018	LBI	Open	\$110,904	\$110,904
23.	G&G	CSU SAN BERNARDINO STUDENT UNION	9/15/2018	LPD	Open	\$29,486	\$29,486
24.	WIN	CSU FRESNO ASSOCIATION (SAVE MART CENTER)	2/7/2019	APD	Closed	\$0	\$0
25.	BLE	CPSU SAN LUIS OBISPO CAL POLY CORP.	2/14/2019	LBI	Open	\$15,000	\$17,500
26.	ROB	CSU SAN DIEGO AZTEC SHOPS, LTD.	2/10/2018	LBI	Open	\$4,249	\$38,749
27.	GRA	CSU FRESNO ATHLETIC CORPORATION	12/22/2018	LBI	Open	\$25,000	\$25,000
28.	BOL	CSU SAN DIEGO ASSOCIATED STUDENTS	3/29/2019	LPD	Closed	\$0	\$0
29.	TAT	CSU SAN DIEGO RESEARCH FOUNDATION	4/26/2019	APD	Open	\$0	\$0
30.	ROD	CSU DOMINGUEZ HILLS ASSOCIATED STUDENTS	5/29/2019	LBI	Open	\$2,500	\$2,500
Total						1,072,493	975,863
						Difference +/-(-)	(96,631)

* Reserve change recommendations are indicated in **boldface**.

Appendix B
**Component, Subcomponent, and Criteria Scores
with Exceptions**

DRAFT

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?	23	0	7	23	23	100%
1.02	Does the initial report have sufficient information for the adjuster to initiate contacts and investigation?	23	0	7	23	23	100%
1.03	Does the initial report reflect the member's familiarity with CSURMA claim reporting procedures?	22	0	8	22	22	100%
Subcomponent Total		68	0	22	68	68	100%
2	Claim Set Up	Yes	No	N/A	Actual	Possible	Pct
1.04	Is claim set up within 24 business hours of receipt?	19	3	8	19	22	86%
1.05	Are claim facts reviewed immediately to verify facts conform with coverage provided?	22	1	7	22	23	96%
1.06	Is claim data entry accurate?	21	2	7	21	23	91%
Subcomponent Total		62	6	22	62	68	91%
Category Total:		Yes	No	N/A	Actual	Possible	Pct
01 Claims Intake (85% target)		130	6	44	130	136	96%

Exceptions: 01 Claims Intake
(Claims scoring below 100%)

1	1992493 - 001	80%
2	1990481 - 001	67%
3	1989433 - 001	83%
4	1985046 - 001	83%
5	1975465 - 001	83%

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
02 Investigation							
1	Contacts	Yes	No	N/A	Actual	Possible	Pct
2.01	Contacts with required parties initiated within 24 hours of receipt of claim?	14	3	13	14	17	82%
2.02	Is contact with parties sufficient to obtain required information?	20	0	10	20	20	100%
Subcomponent Total		34	3	23	34	37	92%
2	Obtaining and Preserving Evidence	Yes	No	N/A	Actual	Possible	Pct
2.03	Investigation is substantially completed within 15 days of assignment, or the claim is documented with efforts to do so.	19	0	11	19	19	100%
2.04	If the investigation is not complete within 30 days, there is an action plan to complete outstanding items?	9	2	19	9	11	82%
2.05	Investigation includes statements, police reports, photographs appropriate to support liability and damage decisions?	15	0	15	15	15	100%
2.06	If bodily injury is involved, are authorizations obtained?	7	0	23	7	7	100%
Subcomponent Total		50	2	68	50	52	96%
3	Mitigation	Yes	No	N/A	Actual	Possible	Pct
2.07	If bodily injury is involved, the claim is reported to the index system?	5	7	18	5	12	42%
2.08	When fraud is suspected, additional investigation is pursued, together with reporting to authorities, if appropriate?	0	1	29	0	1	0%
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?	11	2	17	11	13	85%
Subcomponent Total		16	10	64	16	26	62%
Category Total: 02 Investigation (85% target)		100	15	155	100	115	87%

Exceptions: 02 Investigation
(Claims scoring below 100%)

1	1995645 - 001	60%
2	1993058 - 001	75%
3	1992493 - 001	75%
4	1991875 - 001	86%
5	1990481 - 001	0%
6	1989433 - 001	0%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions	Number of Responses	Weighted	Score
02 Investigation			
	7	1988412 - 001	83%
	8	1985046 - 001	83%
	9	1984678 - 001	80%
	10	1979174 - 001	86%
	11	1974155 - 001	83%
	12	1953168 - 001	67%
	13	1950262 - 001	75%

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?	15	9	6	15	24	63%
3.02	Does the file reflect appropriate activities initiated to resolve the claim?	20	1	9	20	21	95%
Subcomponent Total		35	10	15	35	45	78%
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?	2	9	19	2	11	18%
3.04	Diary frequency supported by case facts, but no longer than 60 days?	24	1	5	24	25	96%
3.05	Diary review is documented with date, adjuster name, and action taken?	24	0	6	24	24	100%
Subcomponent Total		50	10	30	50	60	83%
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	Documentation supporting adjuster actions is located in file.	22	3	5	22	25	88%
3.07	Separate folders to house claimant-specific information maintained?	0	0	30	0	0	N/A
3.08	File material receipt recorded by date stamp or other means?	27	0	3	27	27	100%
3.09	File documents communication among adjuster, claimant and defense counsel.	25	0	5	25	25	100%
3.10	Adjuster documentation is clear and professional.	27	0	3	27	27	100%
Subcomponent Total		101	3	46	101	104	97%
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)		186	23	91	186	209	89%

Exceptions: 03 Plan of Action/Documentation
(Claims scoring below 100%)

1	1985046 - 001	89%
2	1975465 - 001	75%
3	1975493 - 001	88%
4	1979174 - 001	88%
5	1979246 - 001	78%
6	1979246 - 002	88%
7	1979835 - 001	89%
8	1950262 - 001	89%
9	1985019 - 001	89%
10	1995645 - 001	71%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions	Number of Responses	Weighted	Score
03 Plan of Action/Documentation			
	11	1987739 - 001	67%
	12	1989747 - 001	89%
	13	1990481 - 001	86%
	14	1991875 - 001	78%
	15	1992493 - 001	86%
	16	1993058 - 001	88%
	17	1984678 - 001	75%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

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?	12	11	7	12	23	52%
4.02	Reserve adjustments are made within 30 days of receipt of information supporting a material change in developments?	10	0	20	10	10	100%
4.03	File contains documentation of reserve review at regular intervals, no greater than 120 days?	8	3	19	8	11	73%
4.04	Initial reserve and subsequent changes are supported by case facts?	20	0	10	20	20	100%
4.05	Reserves are evaluated by component, i.e., indemnity and expense?	28	0	2	28	28	100%
4.06	Reserve rationale is documented by worksheet, claim notes, report or other acceptable means.	24	1	5	24	25	96%
Subcomponent Total		102	15	63	102	117	87%
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?	28	1	1	28	29	97%
4.08	Expense reserve is accurate?	18	8	4	18	26	69%
4.09	Reserve is closed within 30 days of final payment?	10	2	18	10	12	83%
Subcomponent Total		56	11	23	56	67	84%
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>
		158	26	86	158	184	86%

Exceptions: 04 Reserve Management
(Claims scoring below 100%)

1	1988412 - 001	80%
2	1950262 - 001	50%
3	1953168 - 001	67%
4	1975465 - 001	80%
5	1979174 - 001	71%
6	1979835 - 001	71%
7	1985019 - 001	88%
8	1910830 - 001	86%
9	1987739 - 001	83%
10	1995645 - 001	60%
11	1989433 - 001	75%
12	1989747 - 001	83%
13	1990481 - 001	88%
14	1990633 - 001	88%
15	1991875 - 001	83%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions		Number of Responses			Weighted	Score	
04 Reserve Management							
		16	1992493 - 001			50%	
		17	1993058 - 001			67%	
		18	1985046 - 001			88%	
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.	27	0	3	27	27	100%
5.02	Claim is flagged for required Medicare reporting?	0	0	30	0	0	N/A
5.03	Does the adjuster require the claimant to comply with government code requirements?	0	0	30	0	0	N/A
5.04	Is there analysis of potential immunity defense (s)?	1	0	29	1	1	100%
Subcomponent Total		28	0	92	28	28	100%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
05 Statutory Compliance (85% target)		28	0	92	28	28	100%
Exceptions: 05 Statutory Compliance (Claims scoring below 100%)							
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?	23	0	7	23	23	100%
6.02	Response to correspondence requiring a response within 5 business days?	25	0	5	25	25	100%
6.03	Claim reflects updates between Risk Management and General Counsel?	3	0	27	3	3	100%
Subcomponent Total		51	0	39	51	51	100%
Category Total:		<i>Yes</i>	<i>No</i>	<i>N/A</i>	<i>Actual</i>	<i>Possible</i>	<i>Pct</i>
06 Communication (85% target)		51	0	39	51	51	100%
Exceptions: 06 Communication (Claims scoring below 100%)							

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

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.	26	1	3	26	27	96%
7.02	Claim data is updated with new information.	24	1	5	24	25	96%
7.03	Claim system promotes easy identification of electronic documents through use of file and folder naming conventions.	26	1	3	26	27	96%
7.04	Claim data is accurately reflected in loss run data.	27	0	3	27	27	100%
Subcomponent Total		103	3	14	103	106	97%
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) and for meaningful loss information reports	24	0	6	24	24	100%
Subcomponent Total		24	0	6	24	24	100%
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)		127	3	20	127	130	98%

Exceptions: 07 Claim Information System
(Claims scoring below 100%)

1	1992493 - 001	80%
2	1979835 - 001	80%
3	1953168 - 001	75%

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?	15	0	15	15	15	100%
8.02	If injury/disability was considered questionable, was an activity check performed or an independent medical examination considered?	0	0	30	0	0	N/A
8.03	Does the adjuster establish a value range and a negotiating plan prior to initiating negotiations?	5	0	25	5	5	100%
8.04	Is the evaluation properly documented?	11	0	19	11	11	100%
8.05	If wage loss was involved, did the adjuster verify with the employer?	1	0	29	1	1	100%
8.06	If property damage, was it verified by appraisal/photographs or adjuster verification of contractor's scope and pricing?	5	1	24	5	6	83%
8.07	Were any applicable damage offsets assessed and applied?	2	2	26	2	4	50%
8.08	Are negotiations documented, stating each settlement offer and demand?	9	0	21	9	9	100%
8.09	Is a release executed prior to issuing a settlement check?	13	0	17	13	13	100%
8.10	Does file contain adequate documentation that Medicare interests have been protected pursuant to MMSEA?	0	0	30	0	0	N/A
Subcomponent Total		61	3	236	61	64	95%
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?	6	0	24	6	6	100%
8.12	Does the authority request clearly outline issues relevant to the claim to allow an informed decision?	5	0	25	5	5	100%
8.13	Is settlement authority documented in the claim file?	6	0	24	6	6	100%
Subcomponent Total		17	0	73	17	17	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.	19	1	10	19	20	95%
8.15	Are payment requests supported by documentation?	20	0	10	20	20	100%
8.16	Payment is issued accurately.	18	1	11	18	19	95%
Subcomponent Total		57	2	31	57	59	97%
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)		135	5	340	135	140	96%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions	Number of Responses	Weighted	Score
---	---------------------	----------	-------

08 Claim Disposition and Payment

Exceptions: 08 Claim Disposition and Payment
(Claims scoring below 100%)

1	1993413 - 001		92%
2	1989433 - 001		91%
3	1985019 - 001		67%
4	1984678 - 001		80%
5	1979246 - 002		88%

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
09 Litigation/Recovery Management							
1 Litigation Management		Yes	No	N/A	Actual	Possible	Pct
9.01	Is the suit referred to a panel law firm within 5 days of notice?	7	0	23	7	7	100%
9.02	Does assignment include an engagement letter providing counsel with litigation guidelines?	11	1	18	11	12	92%
9.03	Does counsel work with adjuster to develop a litigation strategy?	8	1	21	8	9	89%
9.04	Does counsel provide a preliminary evaluation within 30 days of assignment?	8	2	20	8	10	80%
9.05	Does counsel provide a litigation budget within 30 - 45 days of assignment?	5	4	21	5	9	56%
9.06	Is counsel's analysis thorough, providing a fact summary and analysis of liability and governing statutes?	8	1	21	8	9	89%
9.07	Is counsel's subsequent reporting timely, within client guidelines?	11	0	19	11	11	100%
9.08	Is alternative dispute resolution considered, if appropriate?	4	0	26	4	4	100%
9.09	Do legal billings comply with litigation management guidelines?	9	1	20	9	10	90%
Subcomponent Total		71	10	189	71	81	88%
2 Recovery Management		Yes	No	N/A	Actual	Possible	Pct
9.10	Was responsible third party contacted within 10 days of knowledge or was there an attempt to identify potentially responsible parties?	0	0	30	0	0	N/A
9.11	Is there an investigation to determine the existence of contracts that would shift liability to another party?	0	0	30	0	0	N/A
9.12	If another responsible party is identified, is there appropriate follow-up contact until a response is obtained?	0	0	30	0	0	N/A
9.13	Was the responsible party notified in writing?	0	0	30	0	0	N/A
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	30	0	0	N/A
Subcomponent Total		0	0	150	0	0	N/A
Category Total:		Yes	No	N/A	Actual	Possible	Pct
09 Litigation/Recovery Management (85% target)		71	10	339	71	81	88%

Exceptions: 09 Litigation/Recovery Management
(Claims scoring below 100%)

1	1992493 - 001	60%
2	1990481 - 001	88%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

AORMA

Components, Subcomponents and Questions	Number of Responses			Weighted		Score
09 Litigation/Recovery Management						
	3	1989747 - 001				71%
	4	1985019 - 001				75%
	5	1979835 - 001				89%
	6	1975465 - 001				75%
	7	1971627 - 001				80%
Overall (85% target)	986	88	1,206	986	1,074	92%

Appendix C

Carl Warren and Company

Public Entity Liability Claims Handling Best Practices

DRAFT



CARL WARREN & COMPANY

Public Entity
Liability Claims Handling
Best Practices

Confidential & Proprietary



CLAIMS HANDLING BEST PRACTICES

➤ CONTACT

Adjusters are to make contact with claimants within 24-48 hours of receipt of the claim (taking into consideration weekends and holidays). 24 hour contact is preferred. If contact cannot be made via telephone within that time frame, a letter is sent to the claimant, advising of receipt of the matter and the need to discuss same. While we will not chase claims, we do believe that early contact results in the establishment of rapport and good communication. As for the client's personnel, contact will be made within the same timeframe or as agreed upon between Carl Warren & Company and the client (should you desire to first make contact with individuals as an introduction, etc.). Attempted contact with any and all witnesses will also be made within this timeframe to secure appropriate interviews and/or statements.

➤ RESERVES

Carl Warren's reserve philosophy is based on the review of the entire matter, taking into account many factors. Unless otherwise advised by the client, Carl Warren reserves on the indemnity side to full value, then takes into consideration comparative/contributory negligence, tender potential, the jurisdiction, the strength or weakness of the plaintiff attorney (where applicable), the strength and/or weakness of witnesses, the claimant themselves and any other factors that will result in a potential change in the value of the claim. At no time will a matter be reserved at less than 10% of full value (taking into account the areas discussed) with the thought being that even the best, strongest and most perfectly defensible matter could, if presented to a trier of fact (Judge or Jury), result in an adverse verdict 1 out of 10 times.

➤ DIARY

Our files are on strict diary and are reviewed at pre-established intervals, to ensure the timely investigation and completion of work as well as the adequacy of the established reserves. The system is customized for each client. We can set up manager diaries to review files every 10 days, every 30 days or as needed. Adjusters review the diary report weekly and the Claim Supervisor receives reports weekly as



to late diaries. The Supervisor will also audit at least 10 adjuster files monthly. Any trends or problems found will be addressed internally. The Supervisor reviews all reserve changes, payments and ensures the files are on diary. He/she can review files as often as the client feels necessary.

➤ **REPORTING**

A Preliminary Report will be provided to the client within 7 days of our receipt of the matter, with copies as determined. This will include a review of the facts as known, an initial liability discussion, initial reserves, and a plan of action. Within 30 days of receipt of the matter, an Investigation Report will be provided to the client which will present a more complete discussion of the matter, the results of the investigation to date, recommendations as to the overall matter, a reserve review and an updated Plan of Action. Every 30 days, or as agreed upon, a Status Report will be provided to update the claim to conclusion.

➤ **FILE MANAGEMENT**

Where the client determines that an investigation is necessary, the focus of our investigation is on the timely gathering of critical information and preservation of potential evidence. Towards that end, we will make contact with the claimant, witnesses and the client within 24 hours of receipt of the claim. The facts are obtained, damages assessed and an evaluation is made. The results of the investigation are analyzed and a liability determination is made, taking into consideration the possible comparative fault of the claimant and any applicable contractual indemnity provisions. Within 2 business days of receipt of a new claim, the adjuster enters the claims information into our Risk Management Information System, MyCarlWarren. The initial investigation findings are reported to the client no later than 7 days with a complete investigative report provided within 30 days. We can also investigate and handle through conclusion all telephone-adjusted claims. The goal is to complete a comprehensive evaluation expeditiously and advise the client of the liability exposure. We will then act on the client's authority to resolve the claims as quickly, fairly and efficiently as possible.

➤ **INTERNAL AUDITS**

Each of our adjusters is audited on a regular basis for compliance with Carl Warren policies, procedures and protocols as well as the client protocols. These audits, done by supervisors (10 per month) as well as by our Quality Assurance Department (focus audits) allow us to review the work being performed. Supervisors are required



to enter notes into the files and guide and direct the adjusters on each claim. Adjusters are required to keep an updated diary and supervisors review each claim every 30 days to confirm that all diaries are up to date.

➤ CALIFORNIA TORT CLAIM ACT

Our claims teams have an extensive knowledge and understanding of the California Tort Claim Act that governs claims against public entities; from how a claim is presented to time deadlines, statutes, and immunities. When a claim is presented to the client and then reported to Carl Warren & Company, we evaluate the sufficiency, timeliness and merits of the claim and recommend the appropriate response within the required time deadlines set forth in the Act. This includes strategic responses, such as when delays occur from a lack of claimant response. It is our belief that, as a public entity, our clients should benefit from every possible defense and administrative relief when responding to claims.

➤ EXCESS REPORTING

This will be a point of discussion between Carl Warren and the client as to whether you desire to take on the role of notice to the carriers or give that responsibility to us.

➤ TENDERS

This is a big part of the success of a program. Our adjusters are responsible for confirmation of or discussion as to why a tender is pursued or not. At first review of a new matter (within 7 days) the adjuster must include, in the file notes and the preliminary report, a discussion of any potential viable tenders and the strength of same. Adjusters also understand the need to maintain good business relationships, so where appropriate, the adjuster will gain authority from the client prior to pursuit of a tender. Tenders are made not only to specific entities, but also their carriers, so as to secure responses and where appropriate, gain acceptance of same. Adjusters understand the concept of tendering early and often and also understand that tenders are not based on liability, but in contract. Many times an education needs to take place to the tendered entity that will be quick to not accept a tender because "they are not liable." While that may be correct, it is not a factor in the acceptance of the tender.



➤ **INDEXING/MMSEA**

Each matter where a bodily injury is alleged will be indexed with the Insurance Service Organization (ISO) for prior incidents. If a “hit” comes back, it will be pursued as appropriate by the handling adjuster. In addition, where applicable, claimants will be indexed for Medicare beneficiary status, so as to comply with any and all requirements of MMSEA as necessary. If a claimant/plaintiff is found to be a beneficiary, all steps will be taken to protect the requirements of MMSEA prior to any settlement, verdict or judgment.

➤ **LITIGATION MANAGEMENT**

Carl Warren adjusters do not turn litigated matters over to counsel. Unless instructed otherwise by the client, the adjuster will be an intricate part in the tripartite relationship between the client, the attorney and Carl Warren. When appropriate and with granted authority, Carl Warren will retain defense counsel on behalf of the client for litigation purposes. In some claims of a sensitive nature, and with the prior authority of the client, counsel may be retained prior to the commencement of litigation. A Retention Letter will be sent to counsel, enumerating the Litigation Guidelines to be followed and requesting a Litigation Budget, to be received within 30 days, along with counsel’s Preliminary Litigation Report. The adjuster will review any and all work done by counsel, as well as all legal bills, for appropriateness, before presenting to the client. Regular conference calls will take place and will include the client as applicable. The adjuster will seek to complete all tasks that can be undertaken by an adjuster during the litigation process to control costs.

➤ **AUTHORITY**

At the beginning of the relationship, Carl Warren will have no settlement authority. All authority will be granted by the client. As the relationship evolves, discussions will take place to determine if the client wishes to grant any authority level to Carl Warren. The client will be an integral part of any and all discussions related to any authority requests, whether they relate to denial of a claim, pursuit of a tender, settlement, retention of counsel, contact with the client personnel, etc.

➤ **DENIAL OF CLAIMS**

Authority to deny a claim will be that of the client with a recommendation from the adjuster. If a claim is denied and the claimant is not represented, the adjuster will



wait a period of 60 days before closing a file, should the claimant fail to respond to the letter of denial. If the claimant is represented, the adjuster will wait a period of 30 days prior to closing a file for lack of response or pursuit.

Appendix D
Defense Counsel Suspension Letter

DRAFT



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 # 95-2607296

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



2019 General Liability and Errors and Omissions
Claim Audit

California State University Risk Management Authority

October 25, 2019



October 25, 2019

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

RE: **California State University Risk Management Authority
2019 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 Alliant Insurance Services to complete this project.

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

Direct: 916.290.4616
Mobile: 916.413.0066
E-mail: demitchell@bickmore.net

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

Respectfully submitted,

DRAFT

Dennis Mitchell, CPCU, SCLA, ARM
Senior Claims Consultant

Table of Contents

I. Executive Summary.....	1
II. Detailed Findings.....	10
1. Claims Intake	10
2. Investigation.....	13
3. Plan of Action/Documentation	15
4. Reserve Management	16
5. Statutory Compliance.....	17
6. Communication	19
7. Claims Management Information System (CMIS).....	20
8. Claim Disposition and Payment	21
9. Litigation/Recovery Management	24

Exhibits

I-1 System-wide Risk Management Organization Chart.....	6
I-2 Scoring by Component with Financials	7
I-3 Scoring by Component Summary Graph.....	8
I-4 Performance Assessment Methodology	

Tables

I-1 Performance Enhancement Recommendations.....	5
II-1 Recommended Reserve Adjustment.....	17

Figures

II-1 Claim Intake and Closings, 2016 through 2019.....	11
II-2 Claim Intake by Type of Claim, 2016 through 2019	12
II-3 Claim Pending by Type of Claim, 2016 through 2019	12

Appendices

- A. Claims Audit List
- B. Component, Subcomponent, and Criteria Scores with Exceptions

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 nearly 53,000 faculty and staff, and 481,000 students at its 23 statewide campus locations and the Chancellor's office.

Claims have been administered by the Systemwide Office of Risk Management (SRM) since 2012 under the management of a Director and two claim staff members who provide claim oversight and support services. The Claims Director reports to the Assistant Vice Chancellor - Financing, Treasury, and Risk Management. We provide an organization chart in Exhibit I-1.

The Director and SRM staff 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. While there is no direct reporting relationship between the Director and OGC, effective management of claims made against the University requires creation of an atmosphere of cooperation and mutual respect which exists between both divisions.

The same level of cooperation is required between SRM and each of the campus risk managers to promote effective claims investigation, evaluation and resolution. Campuses may have claim settlement authority of \$100,000 or to the campus deductible, whichever is lower.

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 \$5,000,000 of pooled coverage which is the self-insured retention (SIR). CSURMA purchases excess coverage above the SIR for \$4,000,000, shared by Markel Global Reinsurance and Great American. Ironshore Indemnity Company provides another \$5,000,000 over the \$5,000,000 followed by excess and reinsurance up to \$300,000,000.

SRM handles General Liability (including personal injury, employment practices, errors and omissions) claims only. 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 250 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, we:

- Reviewed CSURMA “Liability Claims Administration Guidelines” (updated August 2019) which discusses the role of staff, the claim process, the different departments involved in the claim process, and the campus risk management organization.
- Reviewed the “Liability Claims Operations Manual” (also updated August 2019) which guides staff of all facets of claims handling and processing, including role of SRM team members, required forms, workflows, claim data input, and reports.
- 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.
- 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 August 19 through August 23, 2019, 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
- Provided opportunity for SRM Claims Management to rebut individual claim findings.

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 Administrative Analyst responsible for invoice payments, member billing, and workers’ compensation financial support for the University;
- Two additional staff within SRM, who do not have direct role in claims, provide risk control and risk management services to the 23 campuses;

- One Assistant Director, whose primary role is to assist the 23 CSU campuses in areas of risk management and insurance, environmental health and safety, workers' compensation, emergency management, and business continuity; and
- One Senior Manager of Risk and Environmental Health and Safety, who reports to the Director and supports the campuses by developing programs to improve health and safety.

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.

Alliant provided a ten-year history of open and closed claims through July 31, 2019. Our analysis of the data reflected 197 open pending claims and we randomly selected 45 open and closed claims for review. After excluding two "Other" claims, 28 claims (65%) of the sample are litigated, compared to the overall pending litigation rate of 45%.

We find overall performance at 98% indicating a **Superior** performance level as shown in Exhibit I-3. All but one of the components we measure achieved a superior score.

We find:

- SRM complies with industry best practices and its internal procedures for administering liability claims;
- In evaluating the investigation component, we recognize SRM's role is to support campus risk management efforts to investigate claims, rather than conduct investigations or hire a vendor to investigate;
- Because OGC is charged with management of litigation strategy and costs, SRM's role is to ensure continued reserve accuracy by communicating frequently with OGC to obtain current developments impacting the reserve and determining necessity to report to excess carriers;
- Claims are promptly recorded and well documented; and

- SRM has an opportunity for improvement to ensure and Insurance Services Office (ISO) *ClaimSearch*[®] index report is filed where claimants allege bodily injury claims. Additionally the examiner must document review of any index report returns and note relevance to the subject claim, if any.

To arrive at our findings we compared performance in the eight 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.

In Exhibit I – 4 we provide detail on how our performance assessment is applied.

We review the scoring and make recommendations to enhance performance for component results below Commendable, or when subcomponents are scored below Acceptable.

To improve performance we recommend implementing the enhancements discussed in Table I-1.

Table I-1
Performance Enhancement Recommendations Summary

Performance Component	Performance Enhancement Recommendations
Investigation	<ul style="list-style-type: none"> • 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. • Document receipt of index return and indicate any relevance to the claim.

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
System Risk Management
Organizational Chart
FY 2018 - 2019

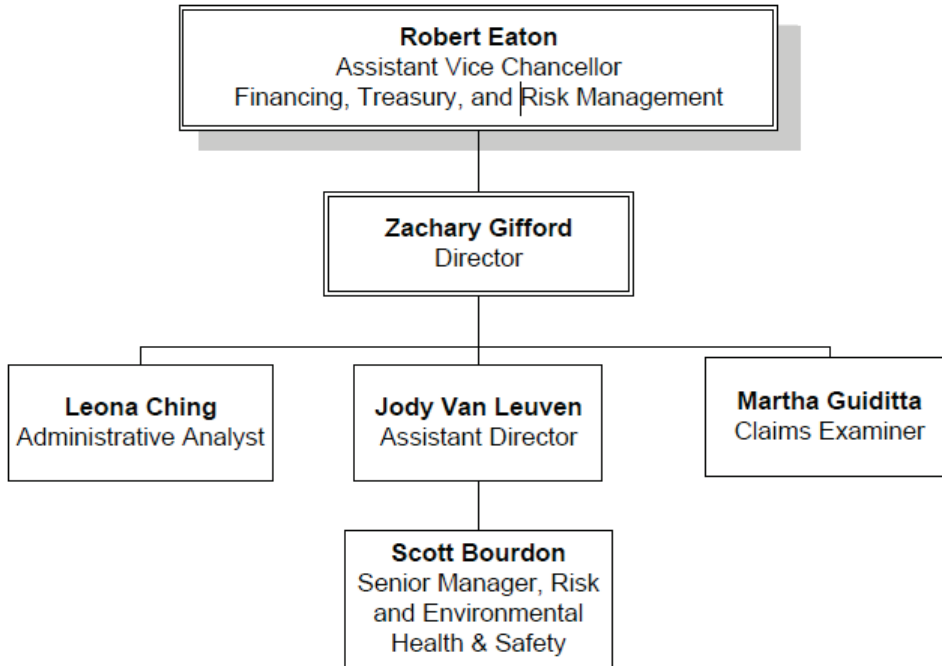


Exhibit I-2
Scoring by Component with Financials

Claims Reviews Completed:	45	Actual Reserve:	\$2,981,056
Incurred:	\$5,805,601	Recommended Reserve:	\$2,996,056
Paid:	\$2,824,545	Net Reserve Change:	\$15,000

Claims Administration Component	Claims Graded	Number of Responses for Component			Score	
		Yes	No	NA	2019	2017
01 Claims Intake	39	225	0	45	100%	99%
02 Investigation	37	93	5	307	95%	97%
03 Plan of Action/Documentation	45	318	7	125	98%	98%
04 Reserve Management	45	290	8	107	97%	99%
05 Statutory Compliance	41	51	1	128	98%	99%
06 Communication	40	93	1	41	99%	100%
07 Claim Management Information System	41	202	0	23	100%	99%
08 Claim Disposition and Payment	35	130	0	590	100%	98%
09. Litigation/Recovery Management	COMPONENT NOT APPLICABLE FOR THIS AUDIT					
Overall Claims Administration	45	1,402	22	1,366	98%	99%

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

Exhibit I-3
Scoring by Component Summary Graph

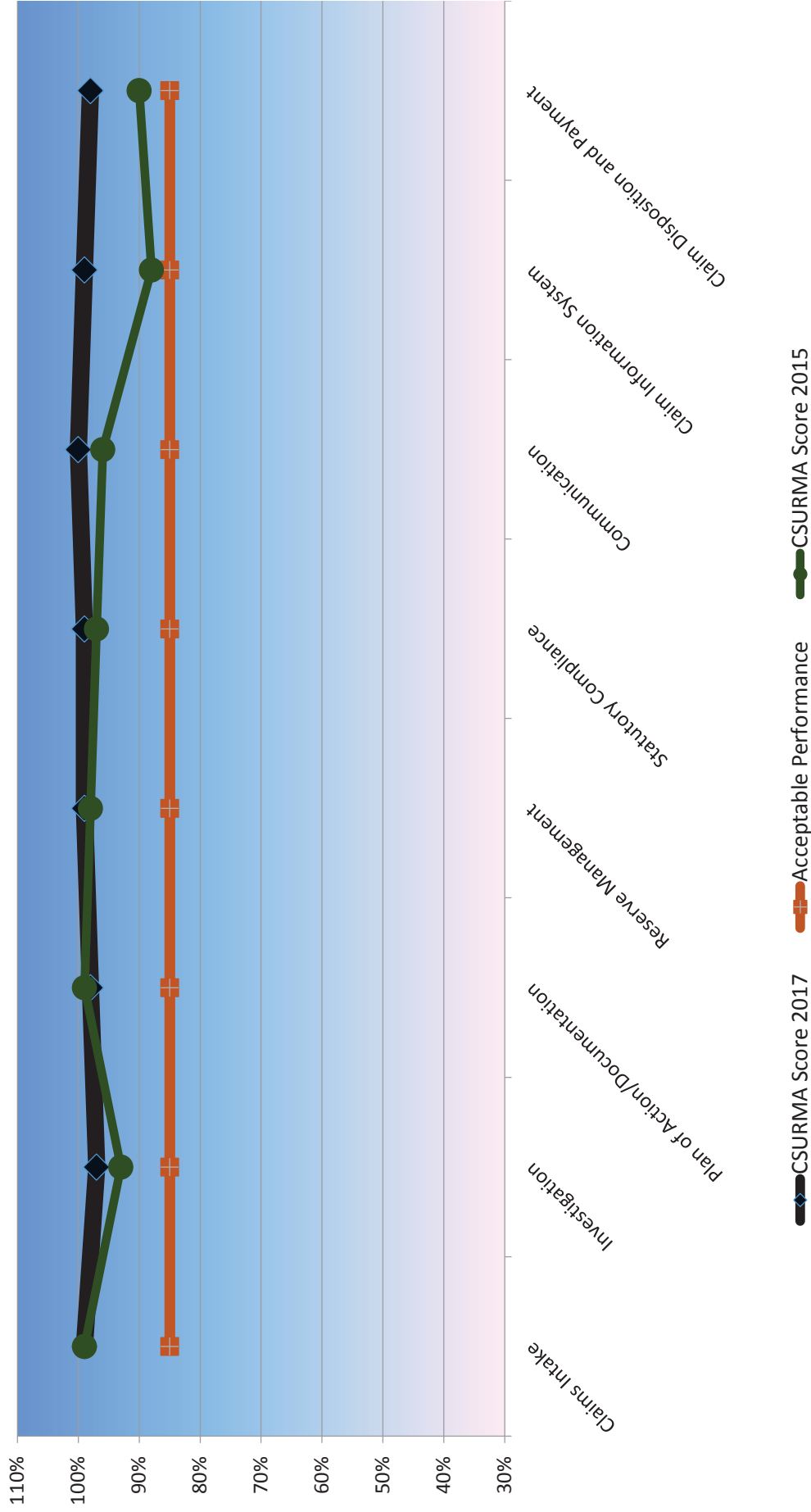


Exhibit I-4 Performance Assessment Methodology

To arrive at our performance assessment, we evaluate nine separate claims handling components for each claim. Components are listed in Exhibit 1-1. For each component, we ask several questions (criteria) which may be answered “Yes,” “No,” or “Not Applicable” as they relate to whether performance requirements (expectations) are met for that claim.

For each claim we review, we provide a scoring form with details to SRM Claim staff and consider feedback provided. The auditor provides a narrative explanation for any “No” finding. Details of these feedback forms are not provided with this report because of potential confidentiality issues, but will be provided to CSURMA upon request.

Evaluation	Criteria
Yes	Where performance requirements are met.
No	Where deficiencies may contribute to increased claim costs.
Not Applicable	Where performance requirements are not applicable for claim circumstances presented.

By scoring each component using the performance evaluation criteria above and dividing the ‘Yes’ findings by possible findings (‘yes’ plus ‘no’ findings), we determine the compliance percentage or score shown in Exhibit I-1. This approach prevents a criterion involving a few claims from unduly influencing the overall score.

Using the performance evaluation scale shown below, we assess performance setting an acceptable target at 85% considering the compliance percentage for each component by claim and across all claims.

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

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. We also consider CSURMA's own procedures as stated in its own written Guidelines.

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. These details are redacted from this report for to ensure confidentiality.

1. Claims Intake

Score 100%

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.

Campuses report claims timely and SRM records the information in *iVOS*[®], usually on the date received. Whether reported by telephone or in person, either the campus or SRM advises the claimant of the requirement to complete a Government Tort claim form. Forms, including instructions for completion, are available on the SRM website.¹

Once the Government Tort Claim is filed, the claim is reserved and an acknowledgment is sent to the claimant. While campus Risk Management may not have dedicated investigative staff, they usually provide sufficient information and evidence to SRM through campus police, security, maintenance and environmental staff. In some cases the campus staff may interview the claimant to ascertain facts.

SRM's Director and Claims Examiner provide oversight for claims. They review the claim form for sufficiency, sending out a Notice of Insufficiency if appropriate. If the notice is considered sufficient, SRM coordinates a response with the campus and sends a Notice of Rejection if the claim is to be denied. If the decision is to settle, they determine whether SRM or the campus will negotiate.

¹ http://calstate.edu/risk_management/claims/ contains forms and instructions claimants may use to file their tort claim against the CSU.

Caseloads are manageable. CSURMA incurred an average of 193 claims per year for the three years ending July 31, 2019. During the same period, SRM closed an average of 254 per year, for a closing ratio of 132%. Closings in the most current year were almost twice the number of any prior twelve month period. This is a very favorable ratio; ratios at 100% reflect closures maintaining pace with 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 growing 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 84% of the pending claims involving bodily injury or personal injury. Almost half (45%) 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. Since the data we received was complete through July 31, 2019, each annual period for which we review claim count and cost statistics, runs from August 1, 20XX through July 31, 20XX.

Figure II-1
Claim Intake and Closings
2016 through 2019

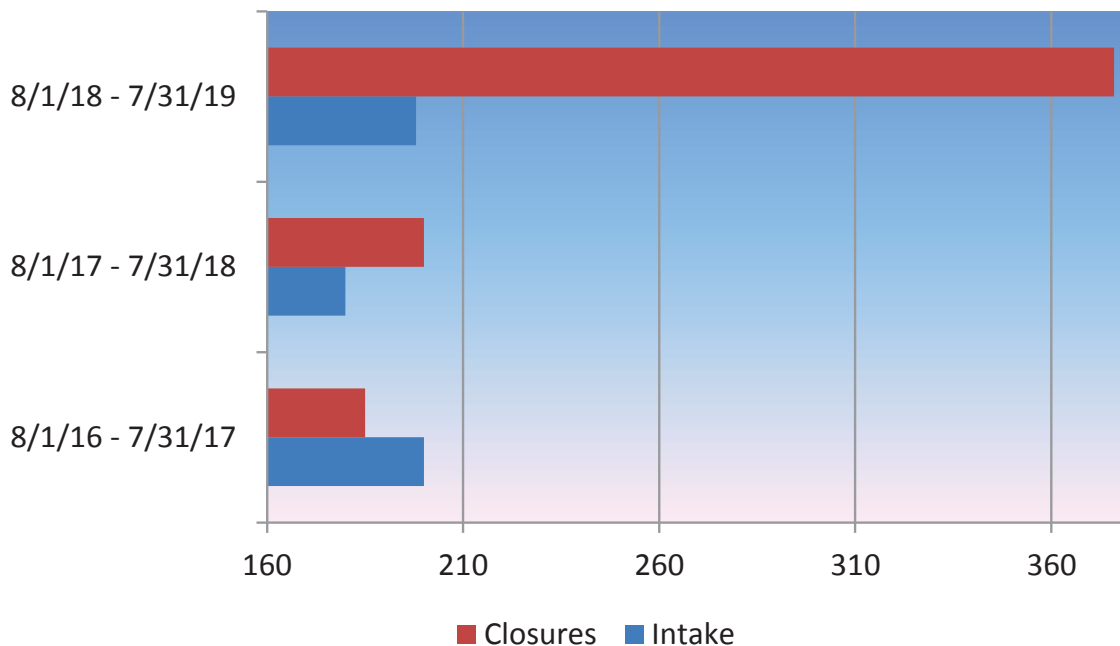
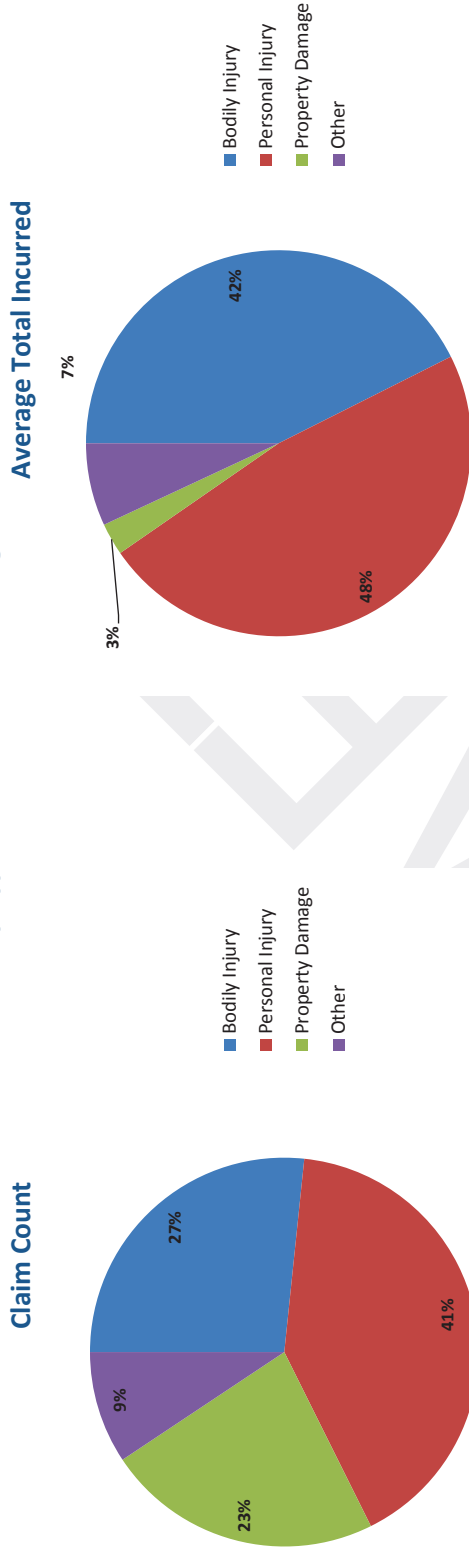
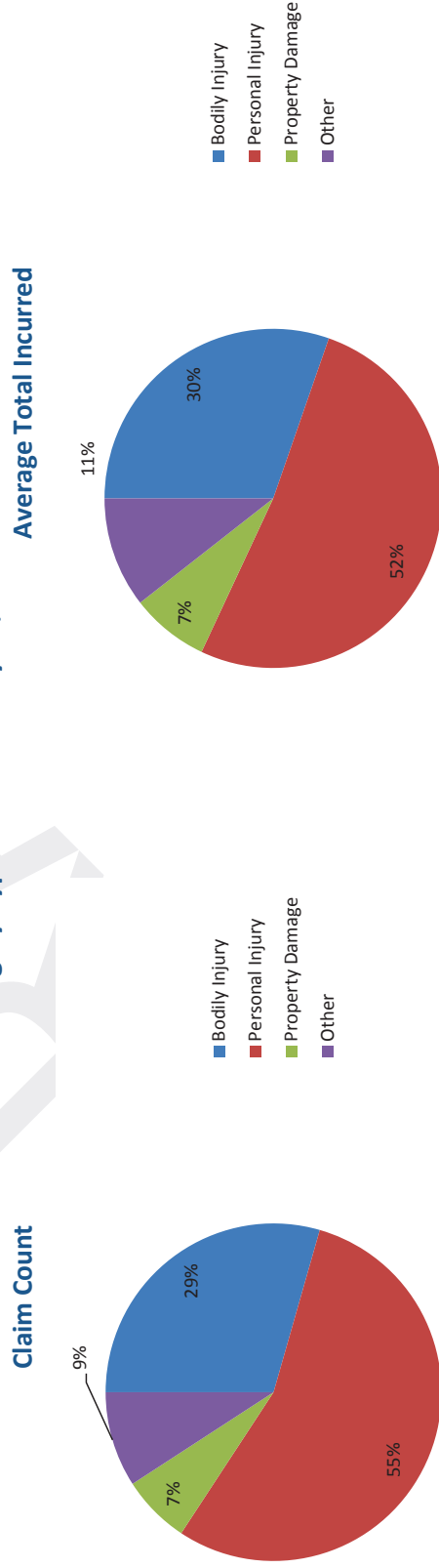


Figure II-2

Claim Intake By Type of Claim - 2016 through 2019



Claim Pending By Type of Claim – July 31, 2019



We find:

- New claims are set up within 24 hours of receipt;
- Reserves are incurred after a claimant files the mandatory claim form, except for those claims which do not require the filing of a claim form, such as civil rights claims.;
- Claims are reviewed immediately to verify facts conform with coverage provided by the Memorandum of Coverage;
- Data is entered accurately; and
- Productivity is excellent with claim closures far outpacing claim intake, in two of the three most recent twelve month periods for which we captured statistics.

Per Appendix B, we note 225 requirements with no exceptions. We evaluate performance as **superior**, exceeding industry standards

2. Investigation

Score 95%

Industry 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.

Campus Risk Management performs the initial investigative tasks, and SRM reviews to ensure the evidence and information will support the decision made on the claim. This requires frequent diary by SRM as the claims capabilities of the 23 campuses vary widely requiring SRM to offer polite suggestions to the campus.

ISO *ClaimSearch*[®] indexing is important and serves the dual purpose of determining a claimant's injury history and providing ISO with the data it needs to query the CMS to determine Medicare eligibility.

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.

Per Appendix B, we note 98 requirements with five exceptions, all involving the filing of ISO index returns. Overall, 37 claims were eligible for scoring, and we evaluate performance for Investigation as **commendable**, exceeding industry standards. Performance for ISO index reporting reflects fifteen requirements and five exceptions. Review of claims in the audit sample reflects:

- Timely contact with campus staff primarily via telephone or e-mail;
- Claimant contact, if unrepresented, is usually made by the campus, although SRM will assist if necessary;
- Investigation is completed promptly or file is documented with action plan for completion;
- Investigation includes evidence such as police reports, security reports, statements, and photographs;

- The *iVOS*[®] notepad documents the adjuster's analysis of negligence;
- Campus and SRM jointly make the liability determination and decide which will proceed to attempt settlement or deny the claim; and

We provide recommendations for improvement in Table I-1.

3. Plan of Action/Documentation

Score 98%

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 within one day of performing the activity, and at least monthly, with an emphasis on moving the claim toward resolution. Supervisory oversight is required, if 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 *e-Counsel*[®] administration system and NetDocs document management system periodically and summarizes activity in the *iVOS*[®] notepad.

All 45 claims in the audit sample were eligible for scoring for this component. Per Appendix B, we note 325 requirements and seven exceptions. We evaluate performance as **superior**, exceeding industry standards. Review of the sample claims did not identify trends, although four of the seven exceptions related to either developing or updating a POA or setting timeframes for the plan and maintaining a diary to follow progress. Otherwise, we note:

- Activities intending to resolve a claim are appropriate and timely;
- Diary frequency is sufficiently supported by case facts and denied claims are diared for closure when the statute of limitations runs, unless negotiations are occurring;
- Adjusters document diary activities in the notepad;
- Date-stamping is still important in an electronic environment to promote accurately establishing dates where some activity will be required, although very little documentation is received by regular mail; E-mail documentation should be copied to the claim file in its entirety or preserved in some other fashion to meet statutory records retention requirements;
- Adjuster documentation is clear and professional, although we noted documentation or communication issues on two claims; and
- File documentation on litigated claims frequently contain notes of the adjuster's review of the OGC files which serve to update the claim file.

4. Reserve Management

Score 97%

Industry best practices for reserving include:

- Setting initial reserves within five days of claim receipt;
- Reevaluating reserves at least semi-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 Operations Manual requires setting the initial reserve within five days of receipt of the claim. While no dates for reserve review or evaluation are set, there is a clear expectation the final reserve will be established shortly after the investigation is complete and the damages can be evaluated. The Manual also provides guides on what to consider in setting or adjusting a reserve and promotes the MPO concept of reserving.

All 45 claims were eligible for scoring for reserve management. Per Appendix B, we note 298 requirements and eight exceptions. Exceptions were minor with no criterion receiving more than one exception except for the criterion to establish the initial reserve within five days of receipt of the claim. Review of the sample reflects:

- For timely establishment of the initial reserve we note 37 requirements and four exceptions;
- Initial reserves are set by the Director or the Examiner, with the Director providing guidance where necessary;
- All but one claim reflect adjustments are made within 30 days of receipt of knowledge indicating and adjustment to be required;
- Subsequent reserve reviews are documented frequently, generally around 30 days, but no later than 120 days;

- Reserves are supported by case facts;
- Reserves are evaluated separately for indemnity and expense;
- Notepad documentation and the iVOS[®] reserve section support the adjustment, although we note one exception. The iVOS reserve section does not contain sufficient space to document the rationale of a complex case reserve and truncates the examiner’s input;
- Prompt file closure is important and we note closure occurred within 30 days of final activities in 34 of the 35 eligible claims; and
- Reserves are accurate; we provided only one reserve adjustment recommendation for an indemnity claim in Table II-1. Our recommendation for a \$15,000 increase amounts to less than 1% of the total reserves in the sample as reflected in Appendix A.

**Table II-1
Recommended Reserve Adjustment**

Claim No	Incurred \$	Reserve \$	Comments
DOI	Paid \$	Recommended \$	
2016-03116	45,000	31,974	Recommend adjusting indemnity reserve to \$25,000 (+15,000). Offer made in 12/2018 but fell apart as claimant could not make up her mind. Presumably the offer is still on the table should the plaintiff change again prior to an appellate decision.
12/30/2016	13,026	46,974	

We assess reserve management performance as superior, exceeding industry best practices.

5. Statutory Compliance

Score 98%

Best practices require compliance with:

- Any state Fair Claims Practices Act;
- Government code section(s) relating to filing or responding to claims, if appropriate; 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 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 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 over the years and the current reporting threshold is now \$750. 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
\$1,000	October 1, 2014	January 1, 2015
\$750	January 1, 2017	April 1, 2017

*Within the quarter beginning on this date.

Note the minimum reporting threshold is now \$750.

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.

For the Medicare-eligibility determination process to work correctly, the adjuster must:

- Complete the ISO *ClaimSearch*[®] index form and ensure it contains complete information required by CMS to search the database;²
- Document the claim file with a positive match from the query; and
- Verify the accuracy of the data submitted for the query.

² Required information includes the claimant's full legal name, last five digits of social security number, date of birth, and gender.

Per Appendix B, 52 requirements with one exception. The single exception involved Medicare status of a claimant where the CMS query did not disclosed eligibility, yet medical bills were paid at least in part by Medicare. We evaluate performance as **superior**. Review of the claim sample reflects:

- SRM enforces provisions of the California Tort Claims Act found in §910 et seq. of the California Government Code by:
 - Notifying claimants of the requirement to complete a tort claim form;
 - Placing the tort claim form on its website with instructions for completion;
 - Reviewing submitted tort claim forms for completion and returning those deemed insufficient; and
 - Acknowledging receipt of the form and sending a timely rejection notice or taking steps to settle the claim.
- SRM flagged one of two potentially Medicare-eligible claims and documented the file appropriately.

6. Communication

Score 99%

Best practices require:

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

Internal communication takes place between SRM, each campus representative and OGC. Communication with the public is coordinated between the campus and SRM, except when related to claims.

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.

Our review of the 40 claims eligible for scoring for this component reflects:

- *iVOS*[®] notepads demonstrate continuous communication between OGC and SRM on litigated claims;
- OGC provides SRM with direct access to *e-Counsel*[®] and *NetDocs*[®] which usually provide updated information SRM needs to continually evaluate case reserves; adjusters use the information obtained by reviewing these systems to update case status in *iVOS*;

- OGC provides a monthly status report form to campus risk management which provides a summary of investigation and discovery to date and includes counsel's opinion on the chance of prevailing;
- OGC is helpful in securing reporting compliance for claims being handled by the Attorney General's office; and
- SRM promptly responds to internal or external communications, including correspondence.

Per Appendix B, we note 94 requirements with one exception. We assess performance as **superior**.

7. Claims Management Information System (CMIS)

Score 100%

Industry best practices require the CMIS to collect and organize data on each claim to:

- Support claims handling efficiency by:
 - Providing data fields adequate to collect and store information required to handle claims; and
 - Ensuring data is collected timely and entered and updated accurately.
- Support the ability to provide loss experience reports (LERs), including:
 - Provision of LERs to members and loss control personnel to promote risk analysis; and
 - Provision of electronic data information (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 of new claim information to be completed by the SRM staff.

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

Our review of the 41 sample claims eligible for scoring reflects:

- Claim financial data reviewed agrees with the loss run;
- We found no errors within data fields, but cannot verify Medicare query data;

- Adjusters update data fields when necessary;
- iVOS[®] contains sufficient fields to support provision of meaningful reports; and
- Notepad entry is timely.

Per Appendix B, we note 202 requirements and all have been met. We evaluate performance as **superior**.

8. Claim Disposition and Payment

Score 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;
- Support for settlement evaluation, evidence of planning negotiations, and documentation of 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.

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."³

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;

³ Standing Orders of the Board of Trustees of the California State University (Adopted March 15, 2006).

- Settlements exceeding the campus deductible, but under \$100,000 require concurrence of the campus Risk Manager, campus counsel, and SRM;
- Settlements exceeding \$100,000 require approval by a Settlement Committee consisting of campus counsel, an OGC litigator, and the Deputy Vice Chancellor of Risk Management. The Settlement Committee makes its recommendation to the General Counsel who may approve settlement up to \$250,000; and
- Settlements above \$250,000 require approval by 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 practice, SRM is involved in settlement of most non-litigated claims, by:

- Reviewing initial investigations, requesting additional investigation if appropriate, and making a recommendation to the campus to accept, compromise, or reject the claim;
- Assessing and verifying damages, attempting to develop mitigating factors, and evaluating the claim considering comparative negligence;
- Discussing a settlement recommendation, gaining consensus on value, and determining who will negotiate settlement; and
- Negotiating with the claimant and obtaining signed releases prior to issuing checks.

Campus Risk Managers usually rely on SRM to resolve the claim within the agreed value or review with SRM to compare with their evaluation.

Responsibility for litigated claims is retained by the OGC. This includes assignment of defense counsel, development of strategy, managing attorney fees (where defense is assigned to the AG or outside counsel), and litigation costs. While resolution of suits is also OGC's responsibility, SRM is usually part of the evaluation and settlement process.

In reviewing the 35 claims eligible for scoring we identified no exceptions per Appendix B, exceeding industry standards and assessed as **superior**, we note:

- Adjusters generally complete a documented evaluation within 30 days of receipt of damage information;
- Adjusters establish a value range for the claim prior to beginning negotiations;

- Evaluations are properly documented when SRM participates in the settlement;
- Negotiations are properly documented, recording offers and demands;
- Releases are executed prior to issuance of a settlement check;
- Although SRM does not control litigation strategy, the claim files reflect:
 - SRM influences the strategy;
 - Continued case monitoring throughout the litigation process;
 - SRM regularly provides input for evaluations and participates in mediations and settlement conferences; OGC may request SRM to attend a mediation or settlement conference on cases handled by OGC with little input from SRS during the litigation.
- The process of counsel selection is transparent and demonstrates the objective to match the case with the individual attorney. New litigation is assigned to OGC, Office of the AG, or outside counsel;
- The assignment process is inclusive, with campus weighing in on the assignment decision in most cases; and, the Assistant Vice Chancellor and Chief Counsel – Litigation, usually seek input from staff during the decision process;
- Payment of approved fees and costs are processed through SRM:
 - OGC-handled cases incur no fees;
 - AG-handled cases incur fees at hourly rates significantly less than “market rates” and monthly billing submitted to OGC details tasks performed and hours spent; and
 - Outside counsel incurs fees at contracted rates with billings monitored and approved by OGC.
- We note settlement of one claim where Medicare’s interest may not have been protected. While Medicare-eligibility was not confirmed, file documentation contained medical information potential eligibility suggesting eligibility;
- Payments are not issued by SRM, but requested through the CSURMA Accounting Department and entered into *iVOS*[®]; and
- Settlement checks and copies of releases and other supportive material are maintained in the claim file.

9. Litigation/Recovery Management

Score N/A

Litigation Management is not assessed as OGC is responsible for assigning and managing litigation, developing strategy and controlling costs. SRM maintains communication to determine the current status and relies on direct access to OGC's electronic files.

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.

No sample claims involved potential recovery.

Appendix A

Claims Audit List

DRAFT

Claims Audit List

Claim Number	Claimant	Member	DOL	Type	Status	Total Reserve \$	Recommended Reserve \$
1. 2016-003228	Ald, H	Stanislaus, CSU	5/2/2017	BI	Open	\$117,286	\$117,286
2. 2017-003314	Ami, M	Fullerton, CSU	11/13/2017	PI	Open	\$16,994	\$16,994
3. 2016-003212	Apo, N	San Marcos, CSU	2/6/2017	PI	Open	\$184,149	\$184,149
4. 2017-003355	Bri, E	Maritime Academy,	11/8/2017	BI	Open	\$290,529	\$290,529
5. 2018-003464	Cha, L	Northridge, CSU	9/19/2018	BI	Open	\$395,005	\$395,005
6. 2017-003374	CITY	East Bay, CSU	2/1/2018	Other	Open	\$199,194	\$199,194
7. 2018-003524	Col, C	Long Beach, CSU	11/11/2018	PI	Open	\$1,000	\$1,000
8. 2018-003474	CSAA	Sonoma, CSU	8/15/2018	PD	Open	\$100	\$100
9. 2017-003243	Ebe, A	Sonoma, CSU	9/27/2017	BI	Closed	\$0	\$0
10. 2017-003342	Esp, A	San Luis Obispo,	1/12/2018	BI	Open	\$68,661	\$68,661
11. 2017-003278	Fis, A	San Luis Obispo,	12/1/2017	PI	Open	\$5,500	\$5,500
12. 2017-003484	For, D	Channel Islands, CSU	2/23/2018	PI	Closed	\$0	\$0
13. 2018-003548	HarA	Humboldt, CSU	5/9/2019	PD	Closed	\$0	\$0
14. 2017-003410	Hey, C	Dominguez Hills, CSU	4/14/2018	BI	Open	\$46,893	\$46,893
15. 2017-003368	Hon, S	Fullerton, CSU	4/5/2018	PI	Open	\$16,065	\$16,065
16. 2017-003352	Jen, L	San Francisco, CSU	8/28/2017	PI	Open	\$40,277	\$40,277
17. 2015-003400	Jon, Y	San Jose, CSU	6/23/2016	PI	Closed	\$0	\$0

Claim Number	Claimant	Member	DOL	Type	Status	Total Reserve \$	Recommended Reserve \$
18. 2017-003299	Kem, S	San Diego, CSU	10/19/2017	BI	Open	\$39,076	\$39,076
19. 2018-003481	Kha, E	Long Beach, CSU	11/15/2018	PI	Open	\$397,902	\$397,902
20. 2017-003456	Kin, S	Fullerton, CSU	6/25/2018	PI	Open	\$1,000	\$1,000
21. 2016-003324	Lov, J	San Jose, CSU	2/1/2017	PI	Open	\$0	\$0
22. 2017-003449	Lun, S	Humboldt, CSU	6/16/2018	BI	Open	\$24,705	\$24,705
23. 2017-003438	Man, I	Northridge, CSU	6/18/2018	PI	Open	\$14,089	\$14,089
24. 2016-003116	Man, T	Channel Islands, CSU	12/30/2016	PI	Open	\$31,974	\$46,974
25. 2015-003549	Mat, H	Sacramento, CSU	6/27/2016	PI	Open	\$25,000	\$25,000
26. 2018-003457	McN, J	Channel Islands, CSU	8/9/2018	Others	Open	\$6,000	\$6,000
27. 2013-002740	Meh, S	Northridge, CSU	5/15/2014	BI	Closed	\$0	\$0
28. 2016-003271	Nes, K	Long Beach, CSU	6/4/2017	BI	Open	\$61,340	\$61,340
29. 2015-002902	Nor, I	Long Beach, CSU	10/1/2015	PI	Closed	\$0	\$0
30. 2016-003069	Ouz, M	Los Angeles, CSU	10/17/2016	BI	Closed	\$0	\$0
31. 2017-003401	Ram, J	Monterey Bay, CSU	3/6/2018	BI	Closed	\$0	\$0
32. 2017-003364	Rob, J	San Diego, CSU	2/10/2018	BI	Open	\$23,347	\$23,347
33. 2017-003423	Rui, N	Los Angeles, CSU	6/29/2018	BI	Open	\$50,000	\$50,000
34. 2018-003482	San, D	Fullerton, CSU	10/31/2018	BI	Open	\$255,000	\$255,000
35. 2017-003425	San, S	Sonoma, CSU	6/13/2018	BI	Closed	\$0	\$0
36. 2017-003387	SAND	Maritime Academy,	6/25/2018	PD	Open	\$321,448	\$321,448

Claim Number	Claimant	Member	DOL	Type	Status	Total Reserve \$	Recommended Reserve \$
37. 2017-003398	Sea, M	Sonoma, CSU	5/13/2018	PI	Closed	\$0	\$0
38. 2017-003272	She, J	HQ- Long Beach	8/11/2017	PI	Open	\$257,682	\$257,682
39. 2017-003320	Sin, D	East Bay, CSU	9/1/2017	BI	Open	\$45,000	\$45,000
40. 2016-003270	Str, J	San Diego, CSU	6/2/2017	BI	Closed	\$0	\$0
41. 2016-003150	Tap, E	San Jose, CSU	12/9/2016	PI	Closed	\$0	\$0
42. 2013-002685	Tig, G	San Jose, CSU	2/9/2014	PI	Closed	\$0	\$0
43. 2018-003504	Whi, K	Northridge, CSU	11/11/2018	PI	Closed	\$0	\$0
44. 2016-003428	Wil, N	Fullerton, CSU	1/16/2017	PI	Open	\$45,840	\$45,840
45. 2016-003121	Yan, C	San Bernardino, CSU	8/20/2016	BI	Closed	\$0	\$0
Totals						\$2,981,056	\$2,996,056

Appendix B

Component, Subcomponent, and Criteria Scores with Exceptions⁴

DRAFT

⁴ The total for NA scores in Appendix B differs from the total in Exhibit I-1 by 630. The difference represents the exclusion of the Litigation Management category in Exhibit I-1 while included in Appendix B. When all category answers reflect NA, there is no impact on scoring.

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?	38	0	7	38	38	100%
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?	38	0	7	38	38	100%
Subcomponent Total		113	0	22	113	113	100%
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 5 days of receipt?	38	0	7	38	38	100%
1.05	Are claim facts reviewed immediately to verify facts conform with coverage provided?	38	0	7	38	38	100%
1.06	Is claim data entry accurate?	36	0	9	36	36	100%
Subcomponent Total		112	0	23	112	112	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)		225	0	45	225	225	100%

Exceptions: 01 Claims Intake
Questions with "No" response

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?	20	0	25	20	20	100%
2.02	Is contact with parties sufficient to obtain required information?	14	0	31	14	14	100%
Subcomponent Total		34	0	56	34	34	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.	16	0	29	16	16	100%
2.04	If the investigation is not complete within 30 days, there is an action plan to complete outstanding items?	18	0	27	18	18	100%
2.05	Investigation includes statements, police reports, photographs appropriate to support liability and damage decisions?	12	0	33	12	12	100%
2.06	If bodily injury is involved, are authorizations obtained?	0	0	45	0	0	N/A
Subcomponent Total		46	0	134	46	46	100%
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?	10	5	30	10	15	67%
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?	3	0	42	3	3	100%
Subcomponent Total		13	5	117	13	18	72%
Category Total: 02 Investigation (85% target)		93	5	307	93	98	95%

Exceptions: 02 Investigation
Questions with "No" response

	CLAIM	QUESTION
1.	2017-003243	2.07
2.	2016-003228	2.07
3.	2017-003320	2.07
4.	2017-003425	2.07

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions	Number of Responses	Weighted	Score
02 Investigation			
	5. 2017-003401	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?	39	2	4	39	41	95%
3.02	Does the file reflect appropriate activities initiated to resolve the claim?	41	0	4	41	41	100%
Subcomponent Total		80	2	8	80	82	98%
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?	33	2	10	33	35	94%
3.04	Diary frequency supported by case facts, but no longer than 60 days?	35	0	10	35	35	100%
3.05	Diary review is documented with date, adjuster name, and action taken?	44	0	1	44	44	100%
Subcomponent Total		112	2	21	112	114	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	Obsolete	0	0	45	0	0	N/A
3.07	Obsolete	0	0	45	0	0	N/A
3.08	File material receipt recorded by date stamp or other means?	44	1	0	44	45	98%
3.09	File documents communication among adjuster, claimant and defense counsel.	39	2	4	39	41	95%
3.10	Adjuster documentation is clear and professional.	43	0	2	43	43	100%
Subcomponent Total		126	3	96	126	129	98%
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)		318	7	125	318	325	98%

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

CLAIM	QUESTION
1. 2017-003398	3.09
2. 2017-003364	3.03
3. 2018-003548	3.08
4. 2017-003401	3.09
5. 2017-003423	3.01
6. 2018-003474	3.03
7. 2017-003272	3.01

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 5 days of receipt of claim?	33	4	8	33	37	89%
4.02	Reserve adjustments are made within 30 days of receipt of information supporting a material change in developments?	20	1	24	20	21	95%
4.03	File contains documentation of reserve review at regular intervals, no greater than 120 days?	29	0	16	29	29	100%
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?	42	0	3	42	42	100%
4.06	Reserve rationale is documented by worksheet, claim notes, report or other acceptable means.	34	1	10	34	35	97%
Subcomponent Total		199	6	65	199	205	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?	41	1	3	41	42	98%
4.08	Expense reserve is accurate?	36	0	9	36	36	100%
4.09	Reserve is closed within 30 90 days of final payment?	14	1	30	14	15	93%
Subcomponent Total		91	2	42	91	93	98%
Category Total: 04 Reserve Management (85% target)		290	8	107	290	298	97%

Exceptions: 04 Reserve Management
Questions with "No" response

	CLAIM	QUESTION
1.	2017-003243	4.06
2.	2016-003324	4.01
3.	2018-003481	4.01
4.	2015-003400	4.01
5.	2015-002902	4.02
6.	2016-003116	4.07
7.	2016-003121	4.09
8.	2018-003504	4.01

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.	40	0	5	40	40	100%
5.02	Claim is flagged for required Medicare reporting?	1	1	43	1	2	50%
5.03	Does the adjuster require the claimant to comply with government code requirements?	5	0	40	5	5	100%
5.04	Is there analysis of potential immunity defense (s)?	5	0	40	5	5	100%
Subcomponent Total		51	1	128	51	52	98%
Category Total: 05 Statutory Compliance (85% target)		51	1	128	51	52	98%

Exceptions: 05 Statutory Compliance
Questions with "No" response

CLAIM	QUESTION
1. 2016-003271	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?	37	0	8	37	37	100%
6.02	Response to correspondence requiring a response within 5 business days?	21	0	24	21	21	100%
6.03	Claim reflects updates between Risk Management and General Counsel?	35	1	9	35	36	97%
Subcomponent Total		93	1	41	93	94	99%
Category Total: 06 Communication (85% target)		93	1	41	93	94	99%

Exceptions: 06 Communication
Questions with "No" response

CLAIM	QUESTION
1. 2015-002902	6.03

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

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.	41	0	4	41	41	100%
7.02	Claim data is updated with new information.	40	0	5	40	40	100%
7.03	Claim system includes sufficient fields to provide meaningful loss information reports.	41	0	4	41	41	100%
7.04	Claim data is accurately reflected in loss run data.	41	0	4	41	41	100%
Subcomponent Total		163	0	17	163	163	100%
2	Medicare Reporting						
7.05	Claim contains entries for fields required for Medicare reporting under MMSEA (Legal Name, DOB, Gender, SSN)?	39	0	6	39	39	100%
Subcomponent Total		39	0	6	39	39	100%
Category Total:							
07 Claim Information System (85% target)		202	0	23	202	202	100%

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

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?	6	0	39	6	6	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?	2	0	43	2	2	100%
8.04	Is the evaluation properly documented?	6	0	39	6	6	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?	2	0	43	2	2	100%
8.08	Are negotiations documented, stating each settlement offer and demand?	2	0	43	2	2	100%
8.09	Is a release executed prior to issuing a settlement check?	7	0	38	7	7	100%
8.10	Does file contain adequate documentation that Medicare interests have been protected pursuant to MMSEA?	0	0	45	0	0	N/A
Subcomponent Total		26	0	424	26	26	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?	0	0	45	0	0	N/A
8.12	Does the authority request clearly outline issues relevant to the claim to allow an informed decision?	0	0	45	0	0	N/A
8.13	Is settlement authority documented in the claim file?	2	0	43	2	2	100%
Subcomponent Total		2	0	133	2	2	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.	34	0	11	34	34	100%
8.15	Are payment requests supported by documentation?	34	0	11	34	34	100%
8.16	Payment is issued accurately.	34	0	11	34	34	100%
Subcomponent Total		102	0	33	102	102	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)		130	0	590	130	130	100%

Claims Audit

Component, Subcomponent and Criteria Scores with Exceptions

CSURMA

Components, Subcomponents and Questions	Number of Responses	Weighted	Score
---	---------------------	----------	-------

08 Claim Disposition and Payment

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

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?	0	0	45	0	0	N/A
9.11	Is there an investigation to determine the existence of contracts that would shift liability to another party?	0	0	45	0	0	N/A
9.12	If another responsible party is identified, is there appropriate follow-up contact until a response is obtained?	0	0	45	0	0	N/A
9.13	Was the responsible party notified in writing?	0	0	45	0	0	N/A
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		0	0	225	0	0	N/A
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)		0	0	630	0	0	N/A

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)	1,402	22	1,996	1,402	1,424	98%

WORKERS' COMPENSATION CLAIMS ADMINISTRATOR SERVICE PERFORMANCE AUDIT

ISSUE: CSURMA engages Sedgwick Claims Management Services (Sedgwick CMS) to serve as third-party administrator (TPA) for Campus and AORMA Workers' Compensation Risk Pool claims. Pursuant to CSURMA Policy and Procedure No. 5, a regular performance audit is performed to review services delivered by Sedgwick, particularly in regards to the standards of performance for the industry and the specific requirements outlined in the Service Agreement between CSURMA and Sedgwick CMS. A service performance audit on the Campus Workers' Compensation program was completed by Jacki Graf, CSURMA's Workers' Compensation Claims Consultant in June 2019. This is the 9th audit of the Campus Workers' Compensation Program.

RECOMMENDATION: The Committee will be asked to review and accept the service performance audit.

FISCAL IMPACT: No direct fiscal impact is expected from action on this item at today's meeting.

BACKGROUND: CSU is permissibly uninsured for Workers' Compensation. An agreement between CSURMA and Sedgwick CMS for Workers' Compensation claims administration contains performance standards required by CSURMA and associated compliance measurement for each party. A brief summary of the audit findings follows:

- A 10% sample of the open indemnity/future medical inventory was reviewed.
- Overall score 92%. 2% increase over 2017 result.
- Category results - Initial Contact/Documentation: 90%, Claims Management: 95%, Process Control 91%
- Areas of Strength - Employee and Coordinator initial contact, Medical Direction/Control 9/12 categories at 90% or above, Litigation Management 8/10 categories at 90% or above, Diary Management and Excess Reporting. Excess reporting noted a significant improvement in the providing of timely update reports to the carriers.
- Areas to focus upon in coming year:
 - Supervisory contact, Follow-up Employee Contact, Documenting Initial Attorney Case Analysis, Index on converted medical only files and annual follow-up,

Authority for MSC, SAR in 30 days, Respond to changes in file status from a reserve standpoint within 30 days, comply with Claims Balance Worksheet requirements.

The audit confirmed that the files are well handled. The claims staff have good working relationships with the Campus Workers' Compensation Coordinators and manage the files appropriately through timely diary. Supervisory oversight with appropriate direction was noted in the files on a regular basis.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Workers' Compensation Claims TPA Audit 2019 Report.

**Confidential
Comment DRAFT**

CSU The California State University
WORKING FOR CALIFORNIA



**CSU WORKERS' COMPENSATION
CLAIMS TPA
AUDIT
2019 REPORT**



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

Main: (415) 403-1400 ~ Fax: (415) 402-0773

www.alliant.com



Confidential

CSURMA California State University Risk Management Authority
Workers' Compensation 2019

Draft Audit Report

TABLE OF CONTENTS

- 1. INTRODUCTION 3
- 2. EXECUTIVE SUMMARY 4
 - 2.1. OVERVIEW 4
 - 2.2. FINDINGS 5
 - 2.2.1. Findings – Initial Contact and Documentation 5
 - 2.2.2. Findings – Claims Management 7
 - 2.2.3. Findings – Process Control 10
 - 2.2.4. Findings – Staff Commentary 12
 - 2.3. RECOMMENDATION 12
 - 2.3.1. CSI Compliance Review 12
 - 2.3.2. CSI Update 12
 - 2.3.3. Training and Development 12
- 3. THE AUDIT 13
- 4. AUDIT FORMAT 14
- 5. AUDIT RESULTS 15
 - 5.1. INITIAL CONTACT AND DOCUMENTATION 15
 - 5.1.1. Initial Contact and Documentation, Three Point Contact 15
 - 5.1.2. Initial Contact and Documentation – Follow-up Contact 16
 - 5.1.3. Benefit Notices 17
 - 5.1.4. On-line Documentation 17
 - 5.2. CLAIMS MANAGEMENT 19
 - 5.2.1. Medical Direction/Control 19
 - 5.2.2. Litigation Management 21
 - 5.3. PROCESS CONTROL 23
 - 5.3.1. Diary 25
 - 5.3.2. Timely Benefits 25
 - 5.3.3. Finalization 25
 - 5.3.4. Excess Reporting 26
 - 5.3.5. Reserves 26
 - 5.3.6. Utilization Review 26
 - 5.3.7. Organization 26
 - 5.3.8. Reconciliation 27
 - 5.3.9. Summary and Recommendations 27
- 6. STAFFING 29

1. INTRODUCTION

The California State University (CSU) is permissibly uninsured for purposes of Workers' Compensation as authorized by the State of California. A Service Agreement between California State University Risk Management Authority (CSURMA) and Sedgwick to provide workers' compensation claims administration was entered into on July 1, 2003. Client Service Instructions were developed jointly with CSU and Sedgwick CMS to set forth claim procedures for expected claims handling. The agreement contains performance standards required by CSURMA and the associated compliance measurement for each. This agreement now extends through June 30, 2022.

This report represents the ninth audit conducted of Sedgwick CMS since the inception of the Workers' Compensation Third Party Administrator's Contract in 2003. Seven full audits and two "mini" audits have been conducted. The enclosed report reflects the findings of the full audit conducted in May through June of 2019.

Alliant appreciates the opportunity to provide Workers' Compensation auditing services to the CSU.

ALLIANT INSURANCE SERVICES

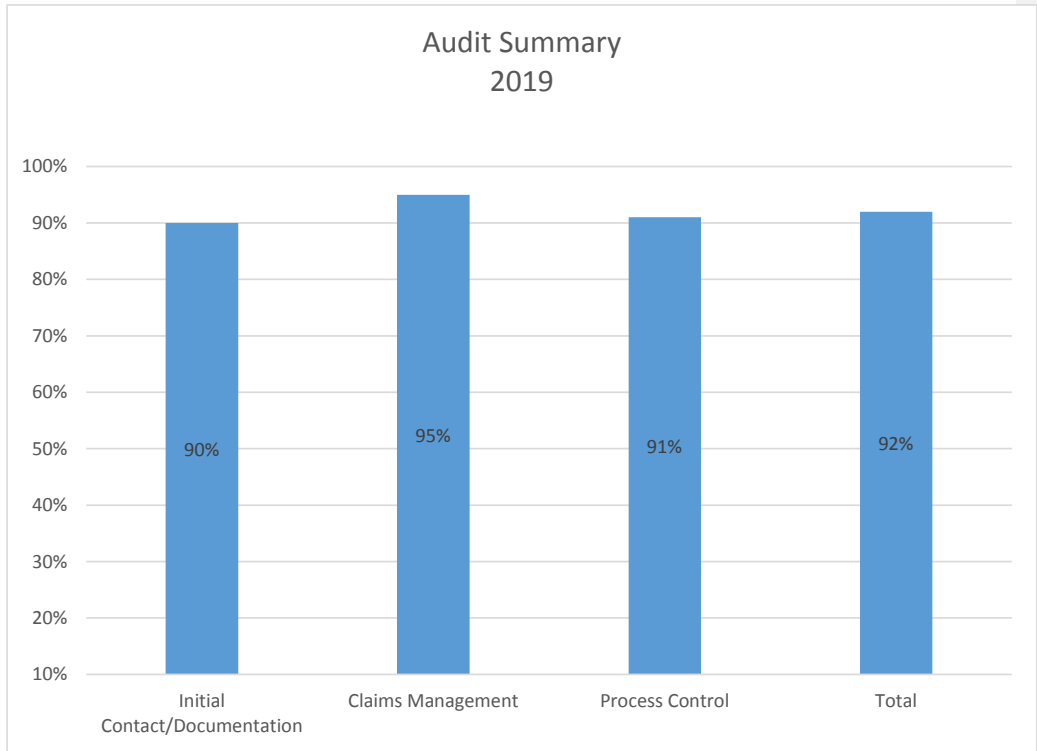
Jacki Graf

2. EXECUTIVE SUMMARY

2.1. OVERVIEW

An audit of workers' compensation files representing 10% of the open indemnity and future medical file population was conducted on files handled by Sedgwick during May and June of 2019. The majority of the claims staff is located in their Rancho Cordova office, with a satellite unit in Roseville and individual examiners in Oakland and Pleasanton. Sedgwick achieved a total audit score of 92% in this review. The average compliance standard required by the Service Agreement with Sedgwick is 90%. Detailed findings and results have been provided to CSU Systemwide Office Risk Management.

The audited areas are subsets of the three major audit categories: Initial Contact and Documentation, Claims Management and Process Control. The table below summarizes the findings in the three major categories:



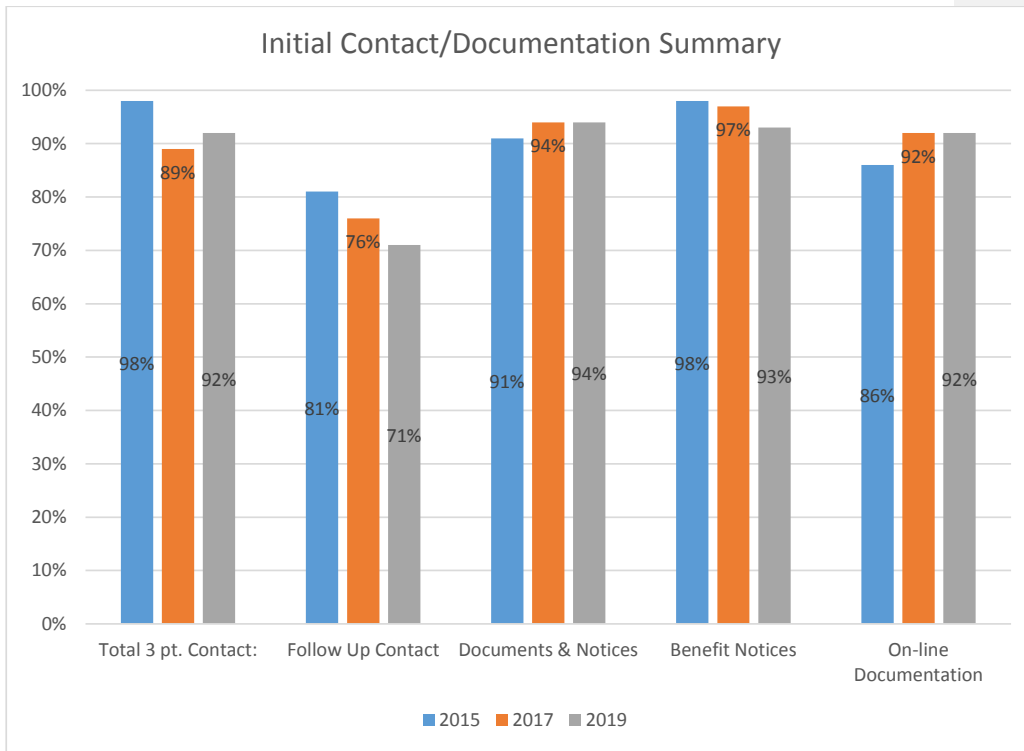
All three major categories met or exceeded the 90% standard with a 90% in Initial Contact/Documentation, 95% in Claim Management and 91% in Process Control. The overall result is 2% higher than the 2017 audit.

2.2. FINDINGS

2.2.1. Findings – Initial Contact and Documentation

The 2019 audit demonstrated 92% for the overall result in the category of Initial Contact/Documentation. 92% was also the overall score in this category in the 2017 audit. This remains a strong area for the claims handlers.

The following chart illustrates the findings in the subsets within the Initial Contact and Documentation category below:



Four of the 5 categories are above goal.

The Three Point Contact category saw an overall 3% improvement over last audit, with a noteworthy 10% improvement in the Employee Contact area. On Time Supervisor Contact rose 2%, though the completed Supervisor contact dropped 3%. Coordinator Contact rose 6% as did the optional Medical Facility Contact category. There was no change in Employee Completed or Coordinated Completed both rating a high 98% score.

The Follow-Up Contact category evaluates whether ongoing contact is maintained with injured workers throughout the life of the file per the standards outlined in the CSU Client Service Instructions. The performance in this sub category continues to be below standard. Ground has been lost in this audit period on this item again. The score fell from 81% in 2015 to 76% in 2017 to 71% in 2019. This is an area that needs more consistent attention.

Five of the campus inventories achieved 100% in this category. These examiners are to be commended for the consistent and sustained employee contact. Other inventories did not demonstrate a consistent performance in this area. This standard requires compliance by all examiners in the program. CSU values communication with the injured worker. Maintaining an ongoing dialogue through file resolution will reduce litigation and foster a more timely closure.

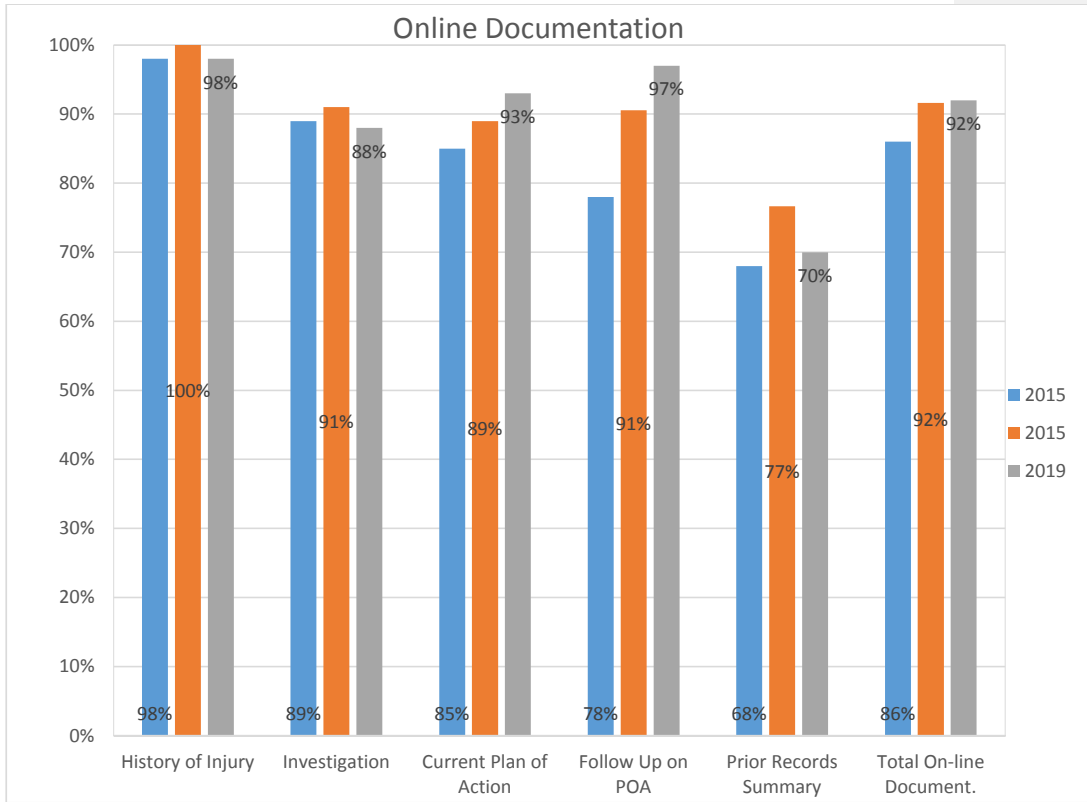
The Documents and Notices category had not change from the 2017 remaining at 94%.

Claim Form documentation dropped from 91% to 89% in this review period. I would like to see a summary of the claim form outlined in the notepad and not merely a notation that the Claim Form was returned by the injured worker. Also follow up with the campus for receipt of the returned Claim form by the employee should be done if a completed form is not transmitted at claim set up. This is the first document that an employee completes following an injury and it is useful to compare this injury report at the onset of the claim to how the injury expands over time as is seen in some files.

The Benefit Notices category result remains strong at 93%. This is a 4% drop from the finding in the last audit. Some of the follow up Permanent Disability notices were not timely sent.

The On-line Documentation category remains consistent at 92%. This area evaluates the documentation of the life of a file through concise summary of pertinent issues and the plan, steps or strategy to resolve same.

The specific areas evaluated are the documentation of the History of the Injury 98%, Investigation 88%, Current Plan of Action 93%, Follow-Up on the Plan of Action 97% and Prior Record Summary 70%.

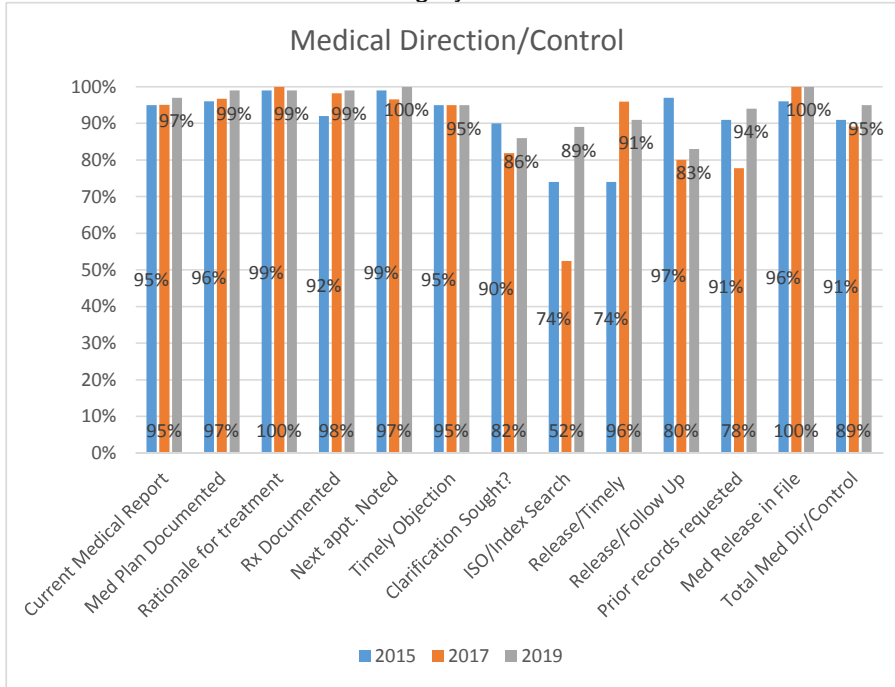


Follow up on POA (Plan of Action) continues to improve rising to 97% in this review. The files reviewed demonstrated that there was progress achieved in file movement from POA to POA and this was documented in the action plans. A good increase (+4%) was also noted in Current Plan of Action. Prior Record Summary lost ground with a 7% decline from the 2017 finding and remains significantly under goal at 70%. The investigation goal dropped 3% and at 88% is shy of goal.

2.2.2. Findings – Claims Management

Sedgwick achieved a score of 95% in the Claims Management category in this audit. This represents a 5% increase in this category since 2017. The Claims Management category is composed of two sub categories: Medical Direction/Control and Litigation Management. The results in the sub-categories are 95% in Medical Direction/Control and 96% in Litigation Management.

The chart below illustrates the results for the sub-categories that comprise the Medical Direction/Control category.



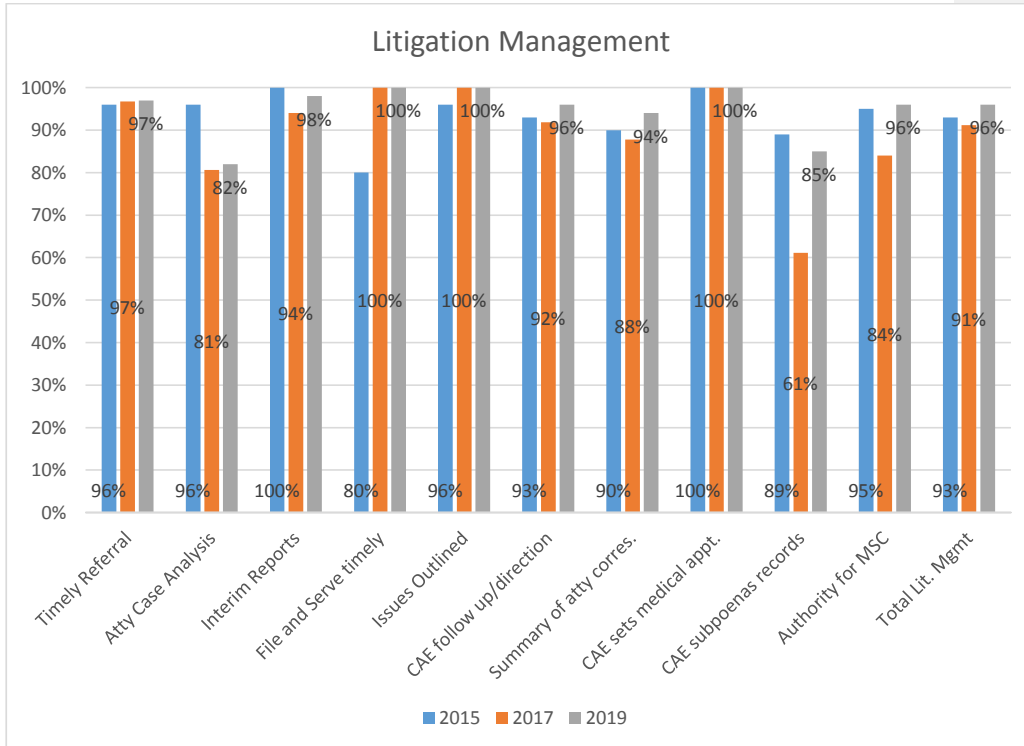
Nine of twelve sub category results surpass the standard. This is an area of strength for the claims staff. Medical Direction of the claim file is critical to the claim result as Workers' Compensation benefit eligibility is based upon medical evidence.

Medical Management/Control is the heart of claim management and the categories Current Medical Report through Clarification Sought evaluate the medical aspect of this area of claims management. Indemnity benefits are determined and verified by medical reporting. Recovery from injury or residuals are based on medical reports. Medical reports drive the case file.

The overall category improved 6% this review. Three categories are below desired goal: Clarification sought at 86%, ISO Index Search at 89%, and Medical Release Follow-up at 83%. Each of these categories improved from the last review 4%, 37% and 3% respectively. The 37% improvement in Index Search demonstrates a fix in the automation of this category. I am pleased to see this correction and vastly improved result.

Commented [JG1]:

The second component in the overall Claims Management Category is Litigation Management. Sub category results for the last 3 audits are displayed below.



Litigation Management improved by 5% over last review. This is a very strong result. Eight out of the ten subcategories are above standard.

Scores ranged from 82% to 100%. The most notably change was in the area of Claims Subpoenas records. This category rose 24%!!. Quite the change in behavior.

Another noteworthy area of improvement is that of Authority for MSC (Mandatory Settlement Conference). This improved 12% and is now above goal at 96%.

Only two areas did not attain goal: Attorney Case analysis at 82% and Claims Subpoena Records at 85%.

Attorney case analysis rose from 81% in the 2017 review to 82% currently.

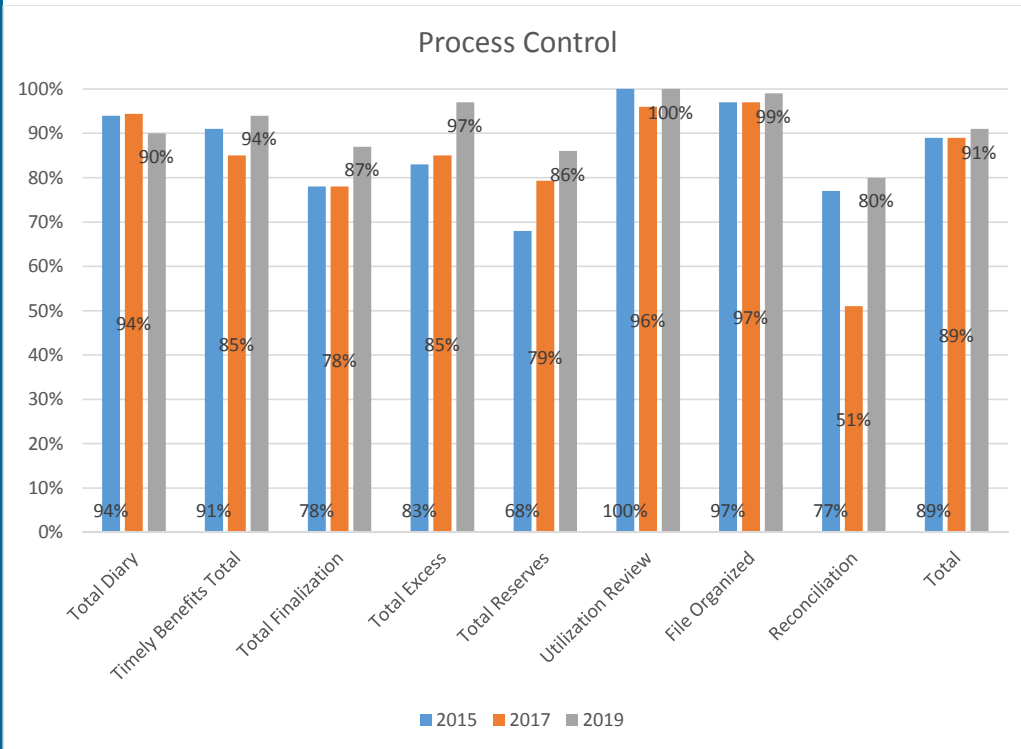
This category requires that the defense attorney initial analysis be received and posted to the note section of the claims system within 30 days of the file transmittal. This occurred in 28 of the 34 applicable files. While most of the time the attorney did send the analysis within 30 days, there were files where the examiner never posted a summary of the analysis to the claim file. As stated in prior review reports, the legal analysis of the claim issues should be a touchstone in the file for further claims handling.

Claims Subpoena Records gained ground remarkably with a 24% improvement as stated above. It falls short of goal by 5% at this time.

2.2.3. Findings – Process Control

The overall score in the Process Control category for the 2019 audit is 91%. This is a 2% over the last review.

The chart below displays the findings in the individual sub-categories in Process Control.



The following categories met or exceeded standard: Diary 90%, Timely Benefits Total 94%, Total Excess 97%, Total UR (Utilization Review) 100%, and Organization 99%.

The following areas did not meet standard: Finalization 87%, Reserves 86% and Reconciliation (Balance Sheet) 80%.

Comments:

Diary – At standard; 4% drop from prior review. There was a change in ranks in the Supervisors during the review period. The work of 3 different supervisors was reviewed in this audit. I found instances where the initial claim review at 5 days was not timely. I also noticed that there were some files where there was no supervisory review or an incomplete diary. There seemed to be an issue in the transition of diaries with the change in supervisor.

Timely Benefit Administration –94% above standard

Finalization Result – 87% below standard; represents a 5% improvement from last audit.

Ratings are obtained timely with a 98% result. The SAR's are not being completed through the approval process in 30 days. This category gained ground from 49% to 67% in this review. There is still considerable room for improvement. This area has historically been below standard.

The examiners generally prepare the SAR within 30 days of the rating, but when the internal review process requires operations manager approval the process often extends beyond the 30 day window due primarily to revisions that are requested. There is tracking system in place to monitor this process but the total turnaround exceeds 30 days in 33% of the cases.

Excess Reporting – Above Standard 97%

This category reviews both timely reporting to the Excess Carriers and Chancellor Office. All three component categories exceed goal.

Overall Reserve Awareness – Below Standard 86%

This category has improved overall 8%. There is still room for improvement. I will reiterate my comments from the prior review; the examiners need to timely recognize the pace/pattern of use of medical care and set reserves timely where there is reasonable expectation of permanent disability residuals especially in litigated claims.

Reconciliation- Below standard 80%

While this result misses the target by 10%; it demonstrates a 29% improvement over the last finding. This is a significant positive change. It is clear that the examiners are more aware of the need for a claims balancing as required by the Client Service Instructions.

The CSI's require that a claim file have a Claims Balance Worksheet completed annually for claims where indemnity benefits have been paid. This ensures that benefits are properly calculated. It was noted that 16 campuses had a 100% finding of compliance in this area. This is a marked improvement.

2.2.4. Findings – Staff Commentary

There has been changes in the staff since the last review.

16 of the campus inventories overall result are above 90%. By virtue of the overall audit score of 92% it is clear that staff is doing a good job of complying with Client Service Instructions.

2.3. RECOMMENDATION

Listed below are recommendations by category:

2.3.1. CSI Compliance Review

As always, an annual CSI refresher training review should be arranged. Given the audit findings this should particularly highlight the following areas: Supervisor Contacts, Follow Up Contact, DWC-1 documentation, Investigation, Prior Record Summary, Clarification Sought, ISO/Index Search, Follow-up Medical Release Timely, Initial Attorney Analysis, Examiner Subpoena Records, SAR in 30 days, Reserves Adequate and Timely, and Reconciliation.

CSI Update

The CSI document will be reviewed with Sedgwick to determine if any changes are recommended to ensure compliance. It is my understanding that Sedgwick is performing a review on the CSI at this time.

2.3.2. Training and Development

Specific training and development should be provided where individual examiner performance is not at standard.

Conclusion:

This audit documents that Sedgwick is performing at a high level and continues to maintain good performance. Campus client feedback indicates an overall high level of Client Satisfaction.

3. THE AUDIT

Criteria for the audit encompassed the following three major categories:

- **INITIAL CONTACT AND DOCUMENTATION**
- **CLAIMS MANAGEMENT**
- **PROCESS CONTROL**

Each criterion was assessed primarily on a quantitative assessment of whether appropriate documentation was present. In some instances, a degree of qualitative assessment was necessary to decide if documentation was adequate. Percentage scores were calculated for each criterion as well as for each category.

Results in each category are compared to the standards set forth in the Service Agreement and Client Service Instructions.

4. AUDIT FORMAT

Detailed findings for each major category, as well as each criterion, are presented in the following pages of this section. The presentation follows the format below:

MAJOR CATEGORY

CRITERION: (1 through X)

OVERVIEW: A brief statement describing the importance of this criterion.

ASSESSMENT: Statement of performance requirement for this criterion as called for in the Service Agreement. Description of approach used to assess compliance.

SCORE: Numerical findings.

SUMMARY AND RECOMMENDATIONS: Suggestions for improved performance in this major category.

5. AUDIT RESULTS

5.1. INITIAL CONTACT AND DOCUMENTATION

The Initial Contact and Documentation categories are made up of sub-groups consisting of: Three Point Contact, Follow-Up Contact, Documents and Notices, Benefit Notices and On-line Documentation.

5.1.1. Initial Contact and Documentation, Three Point Contact

OVERVIEW: To make a determination of compensability on each claim, an examiner must investigate all the facts of the injury. This requires communication with the injured worker, the employer and the physician. The injured worker relates the facts of the injury, the employer verifies these facts and the physician gives an opinion as to whether the injury is consistent with the facts as related by the injured worker.

CSU believes that the first contact with the injured worker is the most significant step in initializing a claim. Speaking directly to the injured worker is the best way to get the most information about the facts of the claim. The investigation process is critical to making informed compensability decisions. Direct contact also provides the opportunity to give the most accurate information to the employee regarding the process. Most injured workers have a very limited understanding of the workers' compensation process. Personal contact by the examiner can relieve anxiety and can give the employee confidence that their claim will be handled professionally and in a timely manner.

Contacting the employer at the time a new report of injury is received enables the adjuster to verify all pertinent information. It allows the employer to share any concerns about the facts of the injury and to give the adjuster any additional information not addressed in the Form 5020, Employer's First Report of Injury.

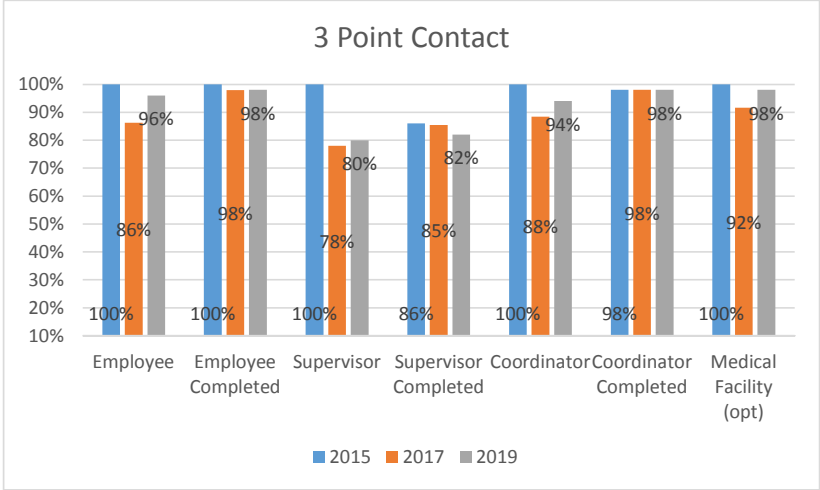
Contact with the supervisor provides an opportunity to validate the injured workers history of events, gather information about the physical requirements of the job and possible modified duty options and give a broader picture of the injured worker as an employee.

The Client Service Instructions do not require physician contact within one day of notice of claim. This is optional, if the medical information is available by medical report. If the Doctor's First Report of Injury (Form 5021) is not available, a discussion with the physician or medical office will provide necessary information on diagnosis, work status and treatment.

ASSESSMENT: The Service Agreement and the CSI require that Sedgwick contact the key individuals: Employee (EE), Workers' Compensation Coordinator (WCC), and Supervisor, within one working day of Sedgwick CMS's knowledge of the injury. If the Claims Examiner is unable to make

CSURMA California State University Risk Management Authority
Workers' Compensation 2019 Draft Audit Report

contact on the first day, subsequent calls should be made until each of the individuals is contacted. A compliance of 90% is required.



SCORE: 92% - The initial investigation of a claim file has historically been an area of strength for the Sedgwick claims staff. The current scores in these items ranged from 82% to 98%. Initial Contact Supervisor and Supervisor Completed are below goal; 80% and 82% respectively. There has been a 10% improvement in the Employee Contact category. Also a 6% positive shift for Coordinator Contact and Medical Facility.

If it has been determined that the information from the WC Coordinator is sufficient to determine compensability without completing the Supervisor contact, the file should be so documented. I must stress that in most instances, the Supervisor will be a good source of information, given the daily contact with the employee and knowledge of the work schedule/duties; so this completed contact would add to the knowledge of the claim file and the employee's motivations. I think it should be the rare exception that a Supervisor contact is not completed.

The overall Three Point Contact category is above goal at 92% having risen from 89% in the 2017 review.

5.1.2. Initial Contact and Documentation – Follow-up Contact

OVERVIEW: The Customer Service Instructions require that unrepresented employees be contacted every 14 days when losing time from work. For all other employees, contact shall be maintained at 60 day intervals.

ASSESSMENT: The on-line notes were reviewed to determine if phone contact was made at the sixty day interval on unrepresented employees during the last 180 days or at the 14 day intervals as defined in the CSI.

SCORE: 71% - did not meet standard

SUMMARY AND RECOMMENDATIONS: This category declined from the prior review where the result was 76%. It should be noted that on 6 campus inventories the category scored 100%. This area continues to lose ground and needs to be emphasized by Supervisory and Management staff.

Claims where the contact remains active throughout the life of the file will have less litigation and more opportunity to manage the claims process proactively. I noted that by and large, the examiners routinely maintain contact with the injured worker while they are paying IDL or temporary disability. The communication is not maintained once the employee becomes Permanent & Stationary or is back to work. At that point in the claim, the expectation is contact at 60 day intervals. Continued contact at this juncture will keep the employee informed of the steps necessary to resolve the claim and eliminate the need for attorney representation.

5.1.3. Benefit Notices

OVERVIEW: State mandated Benefit notices are required whenever there is a decision point in the benefit delivery for Workers' Compensation. Benefit notices are sent when claims or benefits start, stop, or change; and are delayed or denied. Benefit notices are sent regarding the entitlement to indemnity benefits: Temporary Disability, Industrial Disability Leave, Permanent Disability, and Supplemental Job Displacement benefits.

ASSESSMENT: In the confines of this audit review, files were examined to see that the correct notice was sent timely.

SCORE: 93% Above goal

5.1.4. On-line Documentation

OVERVIEW: Sedgwick utilizes the Juris claims system for claim documentation. The client portal to view the claim documentation is in the Via One system.

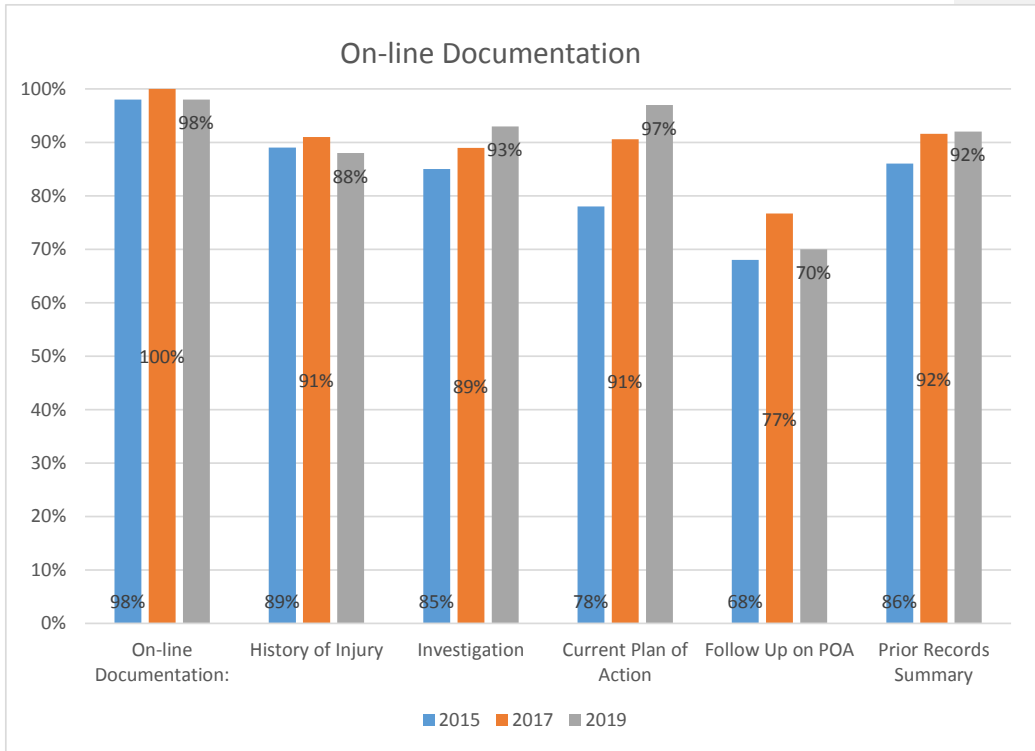
As this access to claim information is CSU's primary tool for monitoring claims, it is critical that details be documented clearly and accurately. The CSI states that all entries will contain appropriate detail, identify the issues of the claim and describe the plan of action being undertaken to resolve these issues. An Action Plan will be documented in the notepad every 90 days on indemnity files and at 180 day intervals on Future Medical files.

Medical records received via medical release or subpoena will be summarized on Notepad.

CSURMA California State University Risk Management Authority
Workers' Compensation 2019 Draft Audit Report

ASSESSMENT: The file documentation in the notepad was reviewed in the following areas: History of Injury, Investigation, Plans of Action (POA); Current POA, Follow-Up POA and Prior Record Summary. The file documentation was reviewed to determine if there was a clear picture of claim events. The file was also reviewed for documentation summarizing subpoenaed medical records and how these records impact the claim exposure. The Service Agreement requires 90% compliance.

SCORE: 92%



There has been movement in the individual category results, while the overall total score remains unchanged from the prior review.

Those areas that have demonstrated an uptick in the result are: Current Plan of Action +4%, Follow-up on Plan of Action +6%

The areas that have dropped in score are: History of injury -2%, Investigation -3% and Prior Record Summary -7%.

Two areas are below goal and require improvement: Investigation at 88% and Prior Record Summary at 70%.

I found a few cases where there could have been a more thorough investigation of the initial accident. Prior record review has been below goal in

CSURMA California State University Risk Management Authority
Workers' Compensation 2019 Draft Audit Report

at least the last 5 audits with scores ranging from 77% to 68%. It is important for medical evaluation of causation issues and the possibility of apportionment that records be reviewed and noted by the examiner for pertinent information. Nine campus inventories achieved 100% in this category.

5.2. CLAIMS MANAGEMENT

Overall CLAIMS MANAGEMENT: The Claims Management category directs and controls the path of the claim to resolution. Directing the medical process determines injury compensability and subsequent benefit eligibility benefits, as well as, the nature and scope of medical care. The goal of claim management is to resolve treatment issues, bring the medical condition to a stable status, return the employee to work, and finalize Permanent Disability benefits. This is done through a process of diary management and issue resolution strategy. Claim management requires effective communication with employee, physician, employer and attorney. Effective claims management requires competency in Workers' Compensation laws, strong analytical skills, effective time management and good communication.

Claims Management is divided into two overall categories: Medical Direction/Control and Litigation Management.

5.2.1. Medical Direction/Control

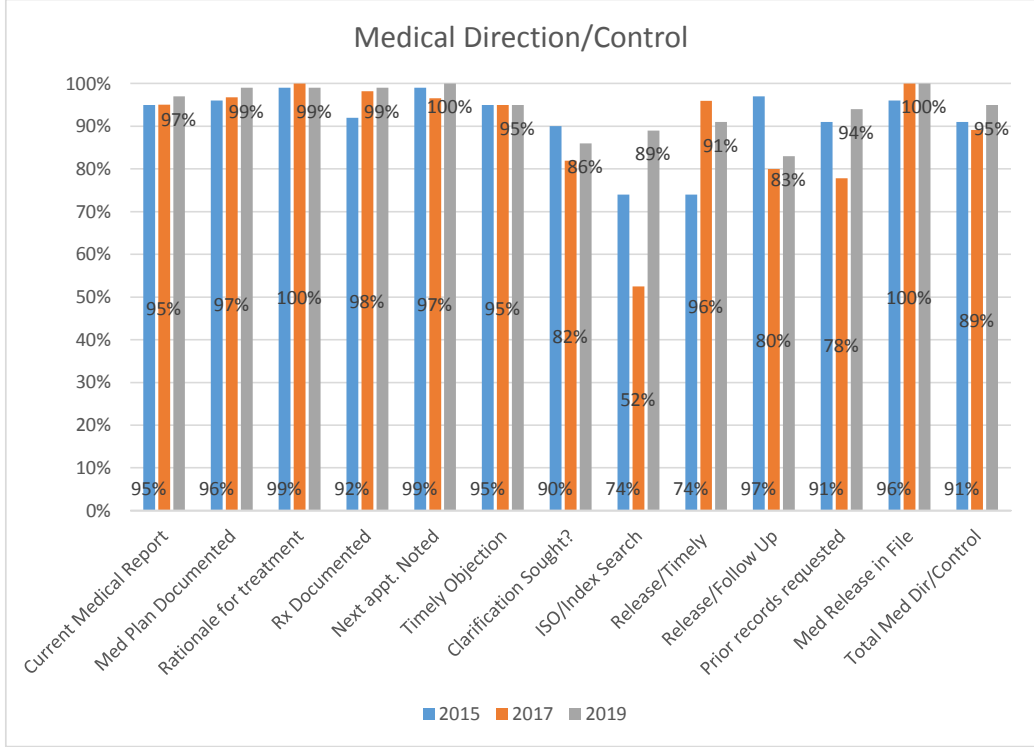
OVERVIEW: While effective and efficient management of all aspects of the case is the key to lowering the cost of the claim; medical management is the most critical. This is because the merits of the claim are primarily based upon the medical evidence. In addition, if treatment is not authorized promptly, the recovery period for the injured employee is prolonged. If there is not a current medical report in the file, the case cannot move to finalization.

All physicians must have a complete medical picture. If an employee has had prior injuries to the same body part, the physician should have those records to evaluate the disability of the current injury. In addition, Reform Legislation provides for apportionment for pre-existing conditions and prior awards. This can mitigate the financial exposure of the claim. The Examiner must provide the physician a clear and complete presentation of the medical issues affecting case exposure.

ASSESSMENT: This audit determined if the categories scored below met the standards set in the CSI agreement by online file review.

CSURMA California State University Risk Management Authority
Workers' Compensation 2019 Draft Audit Report

SCORE: 95%; 6% Improvement



RECOMMENDATIONS:

Note the overall category is well above goal at 95%.

Three areas in this overall category are below goal.

Clarification sought: 86%. This is an area where an examiner can indeed make an impact on the course of a claim. Good claims practice is to communicate with the treating and evaluating physicians to clarify any issues with respect to causation, treatment, disability and apportionment. This can be done via letters to the physician or phone calls. It is prudent for the claims examiner to develop a rapport with the treating and evaluating physicians for the campuses that they serve. This will aid the campus in making return to work decisions and assist the examiner in compensability and benefit delivery decisions. New body parts that appear in medical reporting that are not part of the original claim should be addressed with the physician to establish compensability. Some examiners communicate regularly with the treating and evaluating physicians. Clarification can also be sought through the PQME/QME process.

CSURMA California State University Risk Management Authority
Workers' Compensation 2019 Draft Audit Report

Index Search: This category missed goal by 1%. This is a marked improvement of last review. The result of 89% represents a 37% improvement. Excellent progress.

Medical release follow up – 83%. This score improved 3% over last review. The med release follow up process is inconsistent in the inventory. It is noted that when files convert from medical only to indemnity the med release solicitation process is not consistently pursued.

5.2.2. Litigation Management

OVERVIEW: Once an applicant's (employee's) attorney becomes involved in a claim, the average cost of the claim rises, due both to the cost of defending the case and the higher average settlement values obtained. When an attorney does become involved, legal costs can be minimized by involving the adjuster in performing as many tasks as possible that lead to the defense of the claim and final resolution. Complex issues can benefit by defense attorney involvement to direct the case appropriately. Proactive management on the claim examiner's part is essential in controlling legal costs.

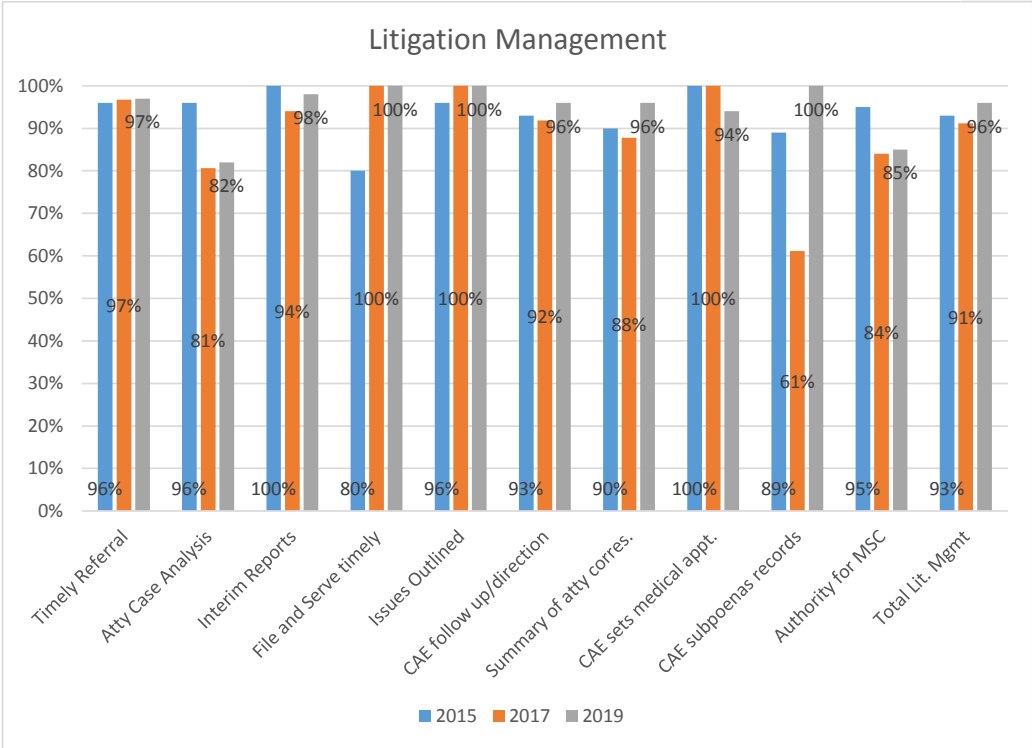
ASSESSMENT:

- **Timely Referral:** The audit evaluated whether an attorney was assigned at the appropriate time in the file events.
- **Attorney Case Analysis:** The CSI's and the Service Agreement requires defense counsel to submit a case analysis within thirty days of assignment. The file was reviewed for documentation of this initial case analysis.
- **Interim Reports:** The assessment was two-fold in this area: whether the defense attorney provided interim reports timely based upon case events and whether the examiner posted a pertinent summary of the reports to the notepad timely.
- **File and Serve Timely:** The audit assessed whether the claims examiner served medical reports and other information as required on the parties to the litigation or the WCAB as necessary.
- **Issues Outlined:** The file was reviewed to determine if the pertinent issues were documented in the notepad.
- **Claims Examiner Follow up/Direction:** The notepad was reviewed to determine if the examiner performed the tasks recommended by the defense attorney.
- **Summary of Attorney Correspondence:** The file was reviewed for same. It is now common practice by most of the examiners to paste a complete copy of the attorney's correspondence in the notepad.

CSURMA California State University Risk Management Authority
Workers' Compensation 2019 Draft Audit Report

- Examiner Sets Medical Appt: As addressed in the CSI, the claims examiner will continue to manage the file, including performing administrative tasks, such as setting medical appointments, sending appointment letters and medical record requests. These tasks are to be completed by Sedgwick staff with few exceptions.
- Examiner Subpoenas Records: See above
- Authority for MSC: Settlement authority must be obtained well before the Mandatory Settlement Conference date. The WCAB procedures require that a Declaration for Readiness to Proceed (DOR) be filed to seek a hearing date before the board. The timing of the SAR, therefore, is tied to the timing of the DOR. The CSI prohibit settlement negotiations without a Settlement Authority Request authorized by the campus and/or the Chancellor's office as necessary. The SAR must be presented to CSU 30 days prior to the defense attorney filing a Declarations or Readiness. If the DOR is filed by the applicant, the SAR must be submitted within five days of receipt of notification.

SCORE: 96%



SUMMARY AND RECOMMENDATIONS:

LITIGATION MANAGEMENT – Overall the result in this category is very good; Total Litigation Management is 96%. Two areas do not meet goal: Attorney Analysis 82% and Authority for MSC 85%.

There was one category with a significant positive shift in score; Claims subpoenas records was found in 100% of the case representing a 39% improvement.

Attorney Analysis – 82%. This category rose 1%. This is the documentation of the Defense Attorney’s initial case analysis. The attorney is to provide this within 30 days of the case referral and the examiner is to document same upon receipt. This was not consistently documented by all examining staff. This is an important document in the file and serves as the guide for future claim strategy and resolution. I cannot stress enough the need to document the initial case analysis. Thirteen campus inventories attained 100% in this category.

Authority for MSC also rose 1%. I will reiterate the observation from the prior review the SAR process must be timely for authority to be provided prior to the Mandatory Settlement Conference. The awareness of this time sensitive issue needs to be raised. A system solution to timely identifying upcoming conference settings should be explored.

5.3. PROCESS CONTROL

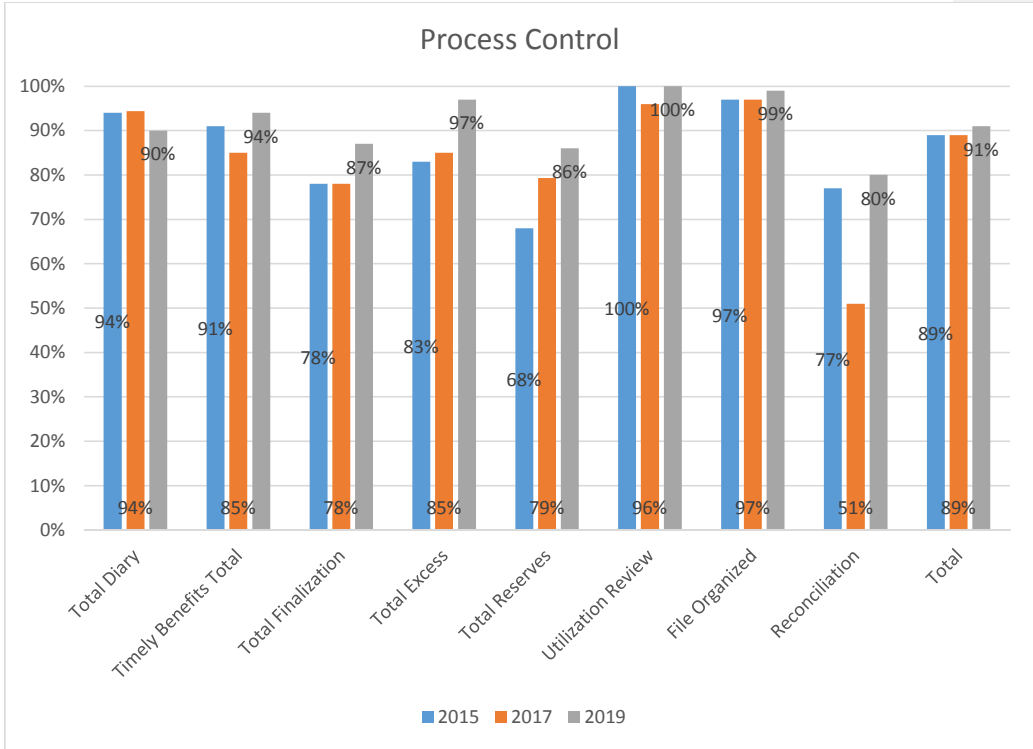
OVERVIEW: The Process Control Section evaluates that diary oversight is performed by the examiner and supervisor at CSU prescribed intervals, that benefits are timely delivered to injured workers, that appropriate steps are taken to bring files to resolution upon receipt of a Permanent and Stationary (P & S) report, that excess reporting requirements are met, that reserves are adequate and timely adjusted, that Utilization Review process is timely, files are organized and that a claims balance/reconciliation is conducted at intervals specified in the CSI.

- **Diary** - Examiners are to maintain a 30 day oversight diary on open files. For files where disability is being paid, the file must document that there is medical verification for disability at 14 day intervals consistent with payments. The supervisor is responsible for reviewing new files at five days, and delayed files throughout the delay process up to and including any denial decisions. Supervisor oversight diary is to be conducted every 90 days on indemnity files. Future medical files require daily oversight at 180 day intervals.
- **Timely Benefits** - The files were reviewed to determine if payments were made on time and/or penalties were paid for late payments.

CSURMA California State University Risk Management Authority
Workers' Compensation 2019 Draft Audit Report

- Finalization - Upon receipt of a Maximum Medical Improvement (MMI) report, files were reviewed to determine if the examiner rated the report within 30 days of receipt of the report, drew up a Settlement Authorization Request (SAR) within 30 days of the rating and paid the award correctly/timely once approved.
- Excess Reporting - Files meeting excess reportable criteria were reviewed for notification to the excess carrier, that the notice was timely and the reports were current. Should the excess carrier close their file, Chancellor Office reporting should be maintained pursuant to reserve criteria until file closure.
- Reserves – Reserves should reflect the most probable outcome of the claim based on information readily available at any point in time. As that information changes, reserves should be adjusted accordingly. All reserve calculations should be clearly reflected in the file. The Service Agreement requires that reserves be evaluated and adjusted on a regular basis, but at a minimum, any time the medical prognosis changes. The online reserve screen was reviewed for adequacy and timeliness. A reserve change is considered timely if it is posted thirty days from the event causing the change in the financial outlook of the claim. The rationale should also be documented on the reserve screen and PD ratings should be adjusted for age in occupation to support the PD estimate.

SCORE: 91% - Overall Process Control. Exceeds goal.



5.3.1. Diary

SCORE: 91% - both sub categories are above goal

5.3.2. Timely Benefits

SCORE: 95% - above standard

This category improved by 9%.

5.3.3. Finalization

SCORE: 87% - below standard.

Overall score improved by 9%. The rating component of the finalization score has remained above goal since at least 2010 and in this review was found to be at 98%. The SAR in 30 days component continues to struggle to achieve goal with a 66% score in 2010, 33% score in 2013 and 57% in 2015, 49% score in 2017 and 67% in 2019. In 2015, there were 10 campus locations that achieved a 100% score in the SAR in 30 days category. In 2017, there were four. In 2019, ten campus inventories attained 100% in this category.

As indicated in the Executive Summary section of this report, the review process once the Examiner completes the SAR initially can take more than 30 days. The category did improve by 18%. The approval delay occurs when

files require review at the Operations level and changes in the document are requested.

5.3.4. Excess Reporting

SCORE: 97% - above goal

The Excess Reporting category looks at both the timely reporting to the excess carriers pursuant to their respective requirements and the reporting of claims to the Chancellor's Office when reserve thresholds exceed \$175,000.

This category looks at three areas:

- Carrier Notified: 100%
- Notified Timely: 92%
- Report Current: 97%

Following the last review steps were taken to improve compliance in this area. These changes have been successful in ensuring excess reporting is completed timely.

5.3.5. Reserves

SCORE: 86% - below standard; +7%

This area made some improvements but it is still noted that permanent disability was not recognized timely as a probable outcome by some examiners particularly in litigated or surgical files. The full realistic cost of lifetime medical exposure was not always recognized. The pace or pattern of use of medical care needs to be monitored routinely to ensure reserve adequacy. This should be part of the regular diary review.

5.3.6. Utilization Review

SCORE -96%

Files were found to have proper and timely UR documentation in all files where UR was appropriate. UR is noted to be used more frequently in the management of prescription drugs with positive impact. There was only one file where UR was not utilized.

5.3.7. Organization

SCORE: 99%

Files have the appropriate documentation.

RECONCILIATION
SCORE: 80%; + 29%

A concerted effort was made by the claims staff to meet the Reconciliation (Claims Balancing) goal. Marked improvement.

The supervisors will need to continue to monitor this activity as part of their routine diary review.

5.3.8. Summary and Recommendations

Process control improved 2% in the overall score since the last review audit and now exceeds goal. The categories to target for improvement are SAR in 30 days and Reserves.

PROCESS CONTROL SUMMARY AND RECOMMENDATION

DIARY – above goal. Maintain result

TIMELY BENEFITS – above goal. Maintain result

FINALIZATION –Processing of SARs has improved but remains below goal. When changes are recommended at the operations level the SAR process exceeds the 30 days window. The SAR will need to be presented to Operations earlier in the 30 day timeframe to allow for modifications to the SAR document.

EXCESS REPORTING – An annual refresher on all Excess, Chancellor Office reporting requirements, and thresholds need to be conducted for claims staff. Excess Reporting Reference Charts should be made available to all claims staff. The reporting has improved and meets goal.

RESERVES – There remains a need to realistically estimate the probable ultimate cost of the claim file timely. Adjustments should be made timely (within 30 days) of an event that changes the financial exposure of a claim.

CSURMA California State University Risk Management Authority
Workers' Compensation 2019 Draft Audit Report

Such events can be indications for surgery, loss time from work, litigation, pattern of medical treatment use etc.

UTILIZATION REVIEW – No recommendations

ORGANIZATION – No recommendations

RECONCILIATION – The Service Agreement requires balancing of each file annually and at time of closing. EIA requires 6 month balancing of the file. Supervisors need to continue to review and raise the awareness of the requirement.

6. STAFFING

OVERVIEW

The attached spreadsheet indicates the campus assignments, and inventory count of each Claims Examiner. It also provides the years of experience in workers' compensation, years of experience with Sedgwick, Self-Insurance Plans Certificate and any other designation.

The Service Agreement requires that all adjusters have an equivalent of five years of experience handling workers' compensation claims. All must attain a Self-Insured Plans Certificate within six months of hire date. Supervisors at Sedgwick must have a minimum of 10 years of experience handling/supervising claims.

Two graduates of the Sedgwick examiner training program are on staff in the program with CSU approval and both are meeting standards for the program.

ASSESSMENT:

The average caseload assignment as of May 31, 2018 was 95 files. The average caseload ranged from 92 to 98 throughout Fiscal Year 2017/2018.

The target caseload is 125. The caseloads have remained well below the target throughout FY 2017/2018. This continues to represent a very reasonable workload and that staffing levels are adequate.

There were staffing changes since the last review. A new Supervisor joined the team in September 2018. This employee is well experienced in Workers' Compensation, and has been a long time Sedgwick Supervisor in another program. The prior Supervisor returned to an examiner position in October 2018.

SUMMARY AND RECOMMENDATIONS:

With caseloads at such reasonable levels the work product should remain strong. Examiner inventories should be reviewed no less than quarterly by Sedgwick management to ensure reasonable workloads. When new examiners join the team it is essential that the service requirements of the CSU be reviewed and compliance with same observed. Campus contacts report satisfaction with examiner performance. Supervisory oversight ensures compliance and that inventories are well tended by all staff. The program runs well and produces good results. This is expected to continue with the staff, systems and oversight programs that are in place.

**INDEPENDENT AUDITOR’S FINANCIAL AUDIT REPORT
AS OF JUNE 30, 2019**

ISSUE: Pursuant to Section 16(d) of the CSURMA Joint Exercise of Powers Agreement, CSURMA contracted the independent audit firm KPMG to conduct an annual fiscal year audit (as of June 30, 2019) of the financial position of CSURMA. KPMG will present an overview of the report at today’s meeting.

RECOMMENDATION: Staff recommends that the Executive Committee review and accept the audited financial reports, as appropriate.

FISCAL IMPACT: None.

BACKGROUND: Section 16(d) of the California State University Risk Management Authority Joint Exercise of Power Agreement requires that an annual audit be completed for all accounts and financial statements of CSURMA.

PUBLICATION: The Financial Audit will be uploaded to the CSURMA website.

ATTACHMENT(S):

- a. The Independent Auditor’s Financial Audit Report as of June 30, 2019.



**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Financial Statements and Supplementary Schedules

June 30, 2019 and 2018

(With Independent Auditors' Report Thereon)

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University

Table of Contents

	Page(s)
Independent Auditors' Report	1–2
Management's Discussion and Analysis (Unaudited)	3–7
Basic Financial Statements:	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11–28
 Supplementary Information	
Schedule 1 – Reconciliation of Workers' Compensation Claims Liabilities	29
Schedule 2 – Reconciliation of General Liability Claims Liabilities	30
Schedule 3 – Reconciliation of Industrial Disability, Nonindustrial Disability, and Unemployment Insurance (IDL/NDI/UI) Claims Liabilities	31
Schedule 4 – Reconciliation of Property Claims Liabilities	32
Schedule 5 – Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities	33
Schedule 6 – Reconciliation of Club Sports Claims Liabilities	34
Schedule 7 – Reconciliation of AORMA Workers' Compensation Claims Liabilities	35
Schedule 8 – Reconciliation of AORMA General Liability Claims Liabilities	36
Schedule 9 – Reconciliation of AORMA Property Claims Liabilities	37
Schedule 10 – Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities	38
Schedule 11 – Schedule of Net Position	39
Schedule 12 – Schedule of Revenues, Expenses, and Changes in Net Position	40
Schedule 13 – Other Information	41–42
 Required Supplementary Information	
Schedule 14 – Claims Development Information (Unaudited)	43–44



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The Board of Directors
California State University Risk Management Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the California State University Risk Management Authority (the Authority), a component unit of the California State University, which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California State University Risk Management Authority as of June 30, 2019 and 2018, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 3 through 7 and the claims development information on Schedule 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included in Schedules 1 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1 through 13 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 through 13 are fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Irvine, California
September 30, 2019

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2019 and 2018
(Unaudited)

The following discussion and analysis provides an overview of the financial position and performance of the California State University Risk Management Authority (the Authority) as of and for the years ended June 30, 2019 and 2018. It is designed to assist the readers in focusing on financial overview and analysis of the financial activities of the Authority. The discussion has been prepared by management and should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

Overview of the Financial Statements

The financial statements of the Authority as of and for the years ended June 30, 2019 and 2018 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the Authority is considered a special-purpose government engaged in business-type activities.

The Authority’s financial statements consist of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and the notes to the financial statements, supplementary information, and required supplementary information. The Authority’s basic financial statements are the Statements of Net Position, the Statements of Revenue, Expenses, and Changes in Net Position, and the Statements of Cash Flows.

Statement of Net Position – The Statement of Net Position presents the financial position of the Authority at the end of the fiscal year and includes all assets and liabilities of the Authority. The difference between total assets and total liabilities, net position, is one indicator of the current financial condition of the Authority, while the change in net position is an indicator of how the overall financial condition has fluctuated from year to year.

A summary of the Authority’s assets, liabilities, and net position at June 30, 2019, 2018, and 2017 is as follows:

Condensed Schedules of Net Position

June 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:			
Current assets	\$ 88,129,000	92,382,000	102,543,000
Noncurrent assets	<u>47,638,000</u>	<u>53,800,000</u>	<u>59,413,000</u>
Total assets	<u>135,767,000</u>	<u>146,182,000</u>	<u>161,956,000</u>
Liabilities:			
Current liabilities	25,099,000	29,559,000	31,314,000
Noncurrent liabilities	<u>45,509,000</u>	<u>52,370,000</u>	<u>57,262,000</u>
Total liabilities	<u>70,608,000</u>	<u>81,929,000</u>	<u>88,576,000</u>

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2019 and 2018
(Unaudited)

Condensed Schedules of Net Position (Continued)

June 30, 2019, 2018, and 2017

	2019	2018	2017
Net position:			
Unrestricted	\$ 65,159,000	64,253,000	73,380,000
Total net position	\$ 65,159,000	64,253,000	73,380,000

Assets

The Authority's assets totaled \$135,767,000 on June 30, 2019, a decrease of \$10,415,000 or 7%, as compared to the previous year. The decrease is mainly attributed to the decrease in investments (note 3) by \$20,117,000, due to the excess of payments over receipts from operating activities. Accounts receivable increased by \$6,697,000 due to the enrollment of new construction projects in the Owners Controlled Insurance Program (OCIP). Prepaid expenses increased by \$3,938,000 due to the increase of the premiums, and timing and coverage periods of various insurance premiums.

The Authority's assets totaled \$146,182,000 on June 30, 2018, a decrease of \$15,774,000 or 10%, as compared to the previous year. The decrease is mainly attributed to the decrease in investments (note 3) by \$13,706,000, due to the excess of payments over receipts from operating activities. Accounts receivable decreased by \$4,498,000 due to decreased construction projects enrolled in OCIP compared to prior year. Prepaid expenses increased by \$3,001,000 due to the timing and coverage periods of various insurance premiums. The Authority's investments represented 82% and 90% of total assets as of June 30, 2019 and 2018 and consist of the Authority's share of the California State University (CSU) Consolidated Investment Pool and investments held in Morgan Stanley Smith Barney.

Liabilities

The Authority's liabilities totaled \$70,608,000 on June 30, 2019, a decrease of \$11,321,000 or 14%, as compared to the previous year. The Authority's liabilities totaled \$81,929,000 on June 30, 2018, a decrease of \$6,647,000 or 8%, as compared to the previous year.

The decrease in both years was primarily due to the enrollment in the Excess Insurance Authority (EIA), effective January 1, 2016, resulting in a decrease in claims liability, current and noncurrent, in the amount of \$8,332,000 and \$6,112,000 as of June 30, 2019 and 2018, respectively. The EIA is responsible for all covered losses within the amount of the self-insurance layer for the campus and Auxiliary Organizations Risk Management Alliance (AORMA) workers' compensation program (note 7); thus, the Authority is not liable for the layers covered by the EIA. Claims liability, current and noncurrent, represents 80% and 79% of the total liabilities as of June 30, 2019 and 2018, respectively.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Management's Discussion and Analysis

June 30, 2019 and 2018

(Unaudited)

Net Position

Net position may serve over time as a useful indicator of the Authority's financial position. Net position represents the residual measure of assets net of liabilities. Net position fluctuates annually due to the Authority's operating results for a given fiscal year as well as changes in investment income. The Authority's net position is classified as unrestricted and may be designated for use by the Authority.

The Authority's net position totaled \$65,159,000 on June 30, 2019, an increase of \$906,000 or 1%, as compared to the previous year. This is primarily due to investment income that offset the operating losses during the year. The Authority's net position totaled \$64,253,000 on June 30, 2018, a decrease of \$9,127,000 or 12%, as compared to the previous year. This is primarily due to the excess of operating expenses over operating revenues.

Statement of Revenue, Expenses, and Changes in Net Position – The Statement of Revenue, Expenses, and Changes in Net Position is the Authority's income statement. Revenues earned and expenses incurred during the year on an accrual basis are classified as either operating or nonoperating. It presents the results of the Authority's operations and changes in net position over the course of the fiscal year.

A summary of the Authority's statement of revenues, expenses, and changes in net position for the years ended June 30, 2019, 2018 and 2017 is as follows:

Condensed Schedules of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 94,329,000	92,291,000	94,006,000
Operating expenses	<u>101,141,000</u>	<u>101,067,000</u>	<u>106,980,000</u>
Operating loss	(6,812,000)	(8,776,000)	(12,974,000)
Nonoperating revenues (expenses), net	<u>7,718,000</u>	<u>(351,000)</u>	<u>(1,101,000)</u>
Change in net position	906,000	(9,127,000)	(14,075,000)
Net position, beginning of year	<u>64,253,000</u>	<u>73,380,000</u>	<u>87,455,000</u>
Net position, end of year	\$ <u>65,159,000</u>	<u>64,253,000</u>	<u>73,380,000</u>

Operating Revenues and Expenses

The Authority's operating revenues consist of member contributions, net of reinsurance premiums. Increases or decreases in member contributions are primarily attributable to recommended funding for campus-covered programs calculated by an independent actuarial firm employed by the Authority (note 2(g)). During fiscal year 2019, operating revenues totaled \$94,329,000, an increase of \$2,038,000 or 2%, which was primarily due to an increase in member contributions, offsetting the increase in reinsurance premiums (notes 6 and 7(b)). During

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Management's Discussion and Analysis

June 30, 2019 and 2018

(Unaudited)

fiscal year 2018, operating revenues totaled \$92,291,000, a decrease of \$1,715,000 or 2%, which was primarily due to a decrease in member contributions and increase in reinsurance premiums (notes 6 and 7(b)).

During fiscal year 2019, operating expenses totaled \$101,141,000, an increase of \$74,000 or less than 1%, as compared to the previous year. The operating expense remained consistent with prior year as the increases in claim losses and loss adjustment expenses and insurance premiums were offset by the decrease in dividends expenses and claims administration expenses. During fiscal year 2018, operating expenses totaled \$101,067,000, a decrease of \$5,913,000 or 6%, as compared to the previous year. The decrease is primarily due to a decrease in dividends expenses of \$6,723,000 and an increase in claims administration expenses of \$1,244,000. The increase in insurance premiums was primarily due to excess insurance premiums paid to the EIA and other insurance carriers.

Operating expenses consist of claim losses and loss adjustment expenses of \$31,384,000 and \$29,917,000, claims administration of \$9,456,000 and \$10,568,000, insurance premiums of \$50,863,000 and \$49,155,000, dividend distributions of \$6,111,000 and \$8,678,000, general and administrative of \$1,573,000 and \$1,372,000, and miscellaneous services of \$1,754,000 and \$1,377,000 for the years ended June 30, 2019 and 2018, respectively. Claim losses and loss adjustment expenses include actual claim payments made, as well as adjustments for reserves on claims. Claim case reserves are adjusted as claims develop and mature and additional information regarding potential loss amounts are known. Reserves for claims incurred but not reported, as determined by independent actuaries, are also included in this expense category. Claims administration includes expenses incurred by the Authority for claims administrator's fees and program administrator's fees, and brokerage commissions. Dividend distributions represent the return of contributions to CSU campuses and Auxiliary Organization members. In providing insurance coverage and risk management services to its members, the Authority incurs general and administrative and miscellaneous services expenses that are budgeted and approved by the Board of Directors annually.

Nonoperating Revenues (Expenses), Net

During fiscal year 2019, net nonoperating revenues totaled \$7,718,000, an increase of \$8,069,000, which is primarily due to investment gains, both realized and unrealized, and higher earnings from the investment portfolio where the Authority's investments are held (note 3). This is attributed mainly to favorable market conditions in fiscal year 2019 as compared to prior year. Further, the investment balance declined in the fourth quarter of the fiscal year, as such it did not affect earnings significantly. During fiscal year 2018, nonoperating expenses totaled \$351,000, a decrease of \$750,000 or 68%, which is primarily due to a decrease in investment loss from the investment portfolio where the Authority's investments are held (note 3).

Factors Impacting Future Periods

With respect to current facts, conditions, or decisions that may impact the financial position of the Authority, there are no known issues either internal to the Authority nor the external environment that are expected to materially impact the organization. However, there are trends that may influence the membership and developments in the commercial insurance market that warrant notice.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Management's Discussion and Analysis

June 30, 2019 and 2018

(Unaudited)

The Authority has a limited pool of membership consisting of CSU and its not-for-profit Auxiliary Organizations. The CSU and Auxiliary Organizations are subject to economic trends which impact funding, operations, and grants and contracts. To the extent the CSU experiences a negative fiscal environment, this can impact the funding of certain Auxiliary Organizations. In addition, a negative fiscal environment does not necessarily reduce the cost of the Authority's programs and may actually result in higher claims, such as unemployment insurance claims. The Authority has adopted conservative funding practices to protect the organization from a negative fiscal environment.

The California workers' compensation operating environment has stabilized despite increases in the cost of medical care and prescription drugs, combined with an aging workforce. To combat increasing costs to settle workers' compensation claims, the Authority has implemented a Workers' Compensation Claims Management and Return to Work Program, as well as an ongoing claims closure initiative. Results have been positive, however, the environment may change.

Generally, the commercial insurance and reinsurance market is stable. However, weather extremes, catastrophic losses, and investment losses are areas of concern for commercial insurance carriers and the California market has experienced catastrophic claims due to wildfire and excessive rainfall. Institutional size risks, such as the CSU and its Auxiliary Organizations, with large valued property locations spread throughout the state are experiencing rate increases as commercial insurers raise concerns about recent natural disasters such as floods, hurricanes, and potential wildfires.

The market for excess liability for California public entities has firmed. This is largely due to a significant rise in the cost of claims, especially those involving employment practices, law enforcement, and injuries to minors. The Authority has managed this risk by developing long-term underwriting relationships and attracting other insurers to the program.

Funds are invested by the Authority to pay expected claims in the pooled programs. The valuation of claims liabilities is discounted based on assumed investment earning rates. A divergence in the rate assumed for discounting claims liabilities and investment earnings can affect the ultimate claims liability recorded in the financial statements. To guard against possible divergence, the dividend calculations utilized to return excess funds to the membership use a more conservative calculation of equity.

The rates charged by the Authority for member contributions for the future year increased due to claim and market trends for the liability, industrial disability/nonindustrial disability/unemployment insurance, and property programs. In the May 2019 Board of Director's meeting, the fiscal year 2020 budget was approved for operating revenues of \$104,908,000 and operating expenses of \$113,937,000.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Statements of Net Position

June 30, 2019 and 2018

	2019	2018
Assets:		
Current assets:		
Cash and cash equivalents	\$ 14,000	62,000
Investments	65,954,000	80,071,000
Accounts receivable	9,308,000	2,611,000
Loans receivable from affiliates, current portion	—	489,000
Prepaid expenses	12,811,000	8,873,000
Reinsurance recoverable – workers' compensation	42,000	276,000
Total current assets	88,129,000	92,382,000
Noncurrent assets:		
Loans receivable from affiliates, net of current portion	1,638,000	1,800,000
Other long-term investments	46,000,000	52,000,000
Total noncurrent assets	47,638,000	53,800,000
Total assets	135,767,000	146,182,000
Liabilities:		
Current liabilities:		
Accounts payable	8,723,000	9,263,000
Unearned revenues	55,000	1,141,000
SELF assessment liability, current portion	1,364,000	1,364,000
Claims liability for losses and loss adjustment expenses – current portion:		
Reported claims	7,882,000	10,252,000
Claims incurred but not reported	7,075,000	7,539,000
Total current liabilities	25,099,000	29,559,000
Noncurrent liabilities:		
SELF assessment liability, net of current portion	4,091,000	5,454,000
Claims liability for losses and loss adjustment expenses – noncurrent portion:		
Reported claims	21,826,000	27,035,000
Claims incurred but not reported	19,592,000	19,881,000
Total noncurrent liabilities	45,509,000	52,370,000
Total liabilities	70,608,000	81,929,000
Net position:		
Unrestricted	65,159,000	64,253,000
Total net position	\$ 65,159,000	64,253,000

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Statements of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Member contributions	\$ 105,548,000	102,103,000
Reinsurance premiums	(11,219,000)	(9,812,000)
Total operating revenues	94,329,000	92,291,000
Operating expenses:		
Claim losses and loss adjustment expenses	31,384,000	29,917,000
Claims administration	9,456,000	10,568,000
Insurance premiums	50,863,000	49,155,000
Dividend distributions	6,111,000	8,678,000
General and administrative	1,573,000	1,372,000
Miscellaneous services	1,754,000	1,377,000
Total operating expenses	101,141,000	101,067,000
Operating loss	(6,812,000)	(8,776,000)
Nonoperating revenues (expenses):		
Investment income (loss), net	7,660,000	(400,000)
Interest income from loans	58,000	49,000
Total nonoperating revenues (expenses), net	7,718,000	(351,000)
Change in net position	906,000	(9,127,000)
Net position, beginning of year	64,253,000	73,380,000
Net position, end of year	\$ 65,159,000	64,253,000

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Statements of Cash Flows

Year ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Receipts of member contributions	\$ 86,802,000	98,197,000
Payments to providers	(68,510,000)	(67,093,000)
Payments of claims	(40,401,000)	(36,394,000)
Dividend distributions to members	<u>(6,425,000)</u>	<u>(8,740,000)</u>
Net cash used in operating activities	<u>(28,534,000)</u>	<u>(14,030,000)</u>
Cash flows from noncapital and related financing activities:		
Payments received on loans to related entities	651,000	737,000
Loan interest income received	<u>58,000</u>	<u>49,000</u>
Net cash provided by noncapital and related financing activities	<u>709,000</u>	<u>786,000</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	672,802,000	1,010,198,000
Purchases of investments	(651,171,000)	(996,960,000)
Investment income, net	<u>6,146,000</u>	<u>68,000</u>
Net cash provided by investing activities	<u>27,777,000</u>	<u>13,306,000</u>
Net change in cash and cash equivalents	(48,000)	62,000
Cash and cash equivalents at beginning of year	<u>62,000</u>	—
Cash and cash equivalents at end of year	<u>\$ 14,000</u>	<u>62,000</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (6,812,000)	(8,776,000)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Increase in prepaid expenses	(3,938,000)	(3,001,000)
(Increase) decrease in accounts receivable	(6,697,000)	4,498,000
Decrease (increase) in reinsurance recoverable – workers’ compensation	234,000	(104,000)
Decrease in accounts payable	(540,000)	(269,000)
(Decrease) increase in unearned revenues	(1,086,000)	1,098,000
Decrease in SELF assessment liability	(1,363,000)	(1,364,000)
Decrease in claims liability for losses and loss adjustment expenses	<u>(8,332,000)</u>	<u>(6,112,000)</u>
Net cash used in operating activities	<u>\$ (28,534,000)</u>	<u>(14,030,000)</u>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

(1) Organization

On January 1, 1997, California State University (CSU or the University) and certain auxiliary organizations of the University established the California State University Risk Management Authority (the Authority) pursuant to the provisions of Section 6500 et seq. of the California Government Code (the Code). The Code authorizes CSU and Auxiliary Organizations to establish and operate pooled coverage programs and to provide related services. The Authority provides entity risk pooling programs for workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, property, construction, and other risk-related programs for its member organizations (the Members). Members participating in the Authority's coverage programs at June 30, 2019 and 2018 are as follows:

<u>Location</u>	<u>Member organization</u>
Bakersfield	California State University, Bakersfield
Bakersfield	Associated Students, California State University, Bakersfield, Inc.
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs Administration
Bakersfield	California State University, Bakersfield Foundation
Bakersfield	California State University, Bakersfield Student Union, Inc.
Chancellor's Office	Office of the Chancellor
Chancellor's Office	California State University Foundation
Chancellor's Office	California State University Institute
Channel Islands	California State University, Channel Islands
Channel Islands	Associated Students of California State University, Channel Islands, Inc.
Channel Islands	California State University Channel Islands Foundation
Channel Islands	CI University Auxiliary Services, Inc.
Chico	California State University, Chico
Chico	Associated Students of California State University, Chico
Chico	Auxiliary Organization Associations
Chico	The CSU, Chico Research Foundation
Chico	The University Foundation, California State University, Chico
Dominguez Hills	California State University, Dominguez Hills
Dominguez Hills	Associated Students, California State University, Dominguez Hills
Dominguez Hills	California State University, Dominguez Hills Foundation
Dominguez Hills	CSU Dominguez Hills Philanthropic Foundation
Dominguez Hills	The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills
East Bay	California State University, East Bay
East Bay	Associated Students Inc., California State University, East Bay
East Bay	Cal State East Bay Educational Foundation
East Bay	California State University, East Bay Foundation, Inc.
Fresno	California State University, Fresno

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

Location	Member organization
Fresno	Associated Students of California State University, Fresno
Fresno	California State University, Fresno Association, Inc.
Fresno	California State University, Fresno Foundation
Fresno	Fresno State Programs for Children, Inc.
Fresno	The Agricultural Foundation of California State University, Fresno
Fresno	The California State University, Fresno Athletic Corporation
Fullerton	California State University, Fullerton
Fullerton	Associated Students, California State University, Fullerton, Inc.
Fullerton	Cal State Fullerton Philanthropic Foundation
Fullerton	CSU Fullerton Auxiliary Services Corporation
Humboldt	Humboldt State University
Humboldt	Associated Students, Humboldt State University
Humboldt	Humboldt State University Advancement Foundation
Humboldt	Humboldt State University Center Board of Directors
Humboldt	Humboldt State University Sponsored Programs Foundation
Long Beach	California State University, Long Beach
Long Beach	Associated Students, California State University, Long Beach
Long Beach	California State University, Long Beach Research Foundation
Long Beach	CSULB 49er Foundation
Long Beach	Forty-Niner Shops, Inc.
Los Angeles	California State University, Los Angeles
Los Angeles	Associated Students, California State University, Los Angeles, Inc.
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
Los Angeles	California State University, Los Angeles Foundation
Los Angeles	University-Student Union at California State University, Los Angeles
Maritime Academy	California Maritime Academy
Maritime Academy	California Maritime Academy Foundation, Inc.
Maritime Academy	The Associated Students of the California Maritime Academy
Monterey Bay	California State University, Monterey Bay
Monterey Bay	Foundation of California State University, Monterey Bay
Monterey Bay	The University Corporation at Monterey Bay
Monterey Bay	Otter Student Union at CSU Monterey Bay
Northridge	California State University, Northridge
Northridge	Associated Students, California State University, Northridge, Inc.
Northridge	California State University, Northridge Foundation
Northridge	North Campus University Park Development Corporation
Northridge	The University Corporation, CSU Northridge
Northridge	University Student Union of California State University, Northridge
Pomona	California State Polytechnic University, Pomona

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

Location	Member organization
Pomona	Associated Students Inc., California State Polytechnic University, Pomona
Pomona	The Cal Poly Pomona Foundation, Inc.
Pomona	* Cal Poly Pomona Philanthropic Foundation
Sacramento	California State University, Sacramento
Sacramento	Associated Students of California State University, Sacramento
Sacramento	Capital Public Radio, Inc., CSU Sacramento
Sacramento	The University Foundation at Sacramento State
Sacramento	University Enterprises, Inc., CSU Sacramento
Sacramento	University Union Operation of CSUS, Inc.
San Bernardino	California State University, San Bernardino
San Bernardino	Associated Students Inc., California State University, San Bernardino
San Bernardino	CSUSB Philanthropic Foundation
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
San Bernardino	University Enterprises Corporation at CSUSB
San Diego	San Diego State University
San Diego	Associated Students, San Diego State University
San Diego	Aztec Shops, Ltd., San Diego State University
San Diego	San Diego State University Research Foundation
San Diego	The Campanile Foundation
San Francisco	San Francisco State University
San Francisco	Associated Students, Inc., San Francisco State University
San Francisco	San Francisco State University Foundation
San Francisco	The University Corporation, San Francisco State
San Jose	San Jose State University
San Jose	Associated Student, San Jose State University
San Jose	San Jose State University Research Foundation
San Jose	Spartan Shops, Inc., San Jose State University
San Jose	The Student Union of San Jose State University
San Jose	The Tower Foundation, San Jose State University
San Luis Obispo	California Polytechnic State University, San Luis Obispo
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo
San Luis Obispo	Cal Poly Corporation
San Luis Obispo	California Polytechnic State University Foundation
San Marcos	California State University, San Marcos
San Marcos	California State University San Marcos Corporation
San Marcos	California State University San Marcos Foundation
San Marcos	The Associated Students of California State University, San Marcos
Sonoma	Sonoma State University
Sonoma	Associated Students of Sonoma State University

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

Location	Member organization
Sonoma	Sonoma State Enterprises, Inc.
Sonoma	Sonoma State University Academic Foundation, Inc.
Stanislaus	California State University, Stanislaus
Stanislaus	Associated Students, Inc., California State University, Stanislaus
Stanislaus	California State University, Stanislaus Auxiliary and Business Services
Stanislaus	California State University, Stanislaus Foundation
Stanislaus	University Student Union of California State University, Stanislaus

* New member in 2019

The accompanying financial statements are also included in the CSU's financial statements as a discretely presented component unit.

The Authority is managed by a board of directors, which is composed of 30 directors appointed by the CSU Executive Vice Chancellor/Chief Financial Officer, Business and Finance, and 10 directors elected by the Auxiliary Organizations, which are members of the Authority. The Executive Vice Chancellor may also appoint alternate representatives who shall serve in the absence of the primary representatives. Directors elected by the Auxiliary Organizations serve subject to terms and conditions adopted by the Auxiliary Organizations for election and replacement of the same. Each director of the Authority must be an officer, director, or employee of the University or an Auxiliary Organization.

The Authority assumed the losses of the University's risk pool on January 1, 1997 (inception date) in exchange for a commitment from the University to fund incurred losses. In addition, the University has made the commitment to provide sufficient cash flows to the Authority to meet its operating needs.

All post-development costs of the Authority's programs are funded by annual premiums charged to members participating in the program each policy year and by interest earnings on the accumulated funds. Premiums are based on a cost allocation plan and rating formula developed by the Authority with the assistance of an actuary, risk management consultants, and other qualified persons. The premium for each member participating in the shared risk programs includes the member's share of expected program losses, program reinsurance costs, and program administrative costs for the year. If the Authority experiences unusually large losses in one of the aforementioned programs during a policy year, those pooled funds for the program may be exhausted before the next annual premiums are due. The Board of Directors may, upon consultation, impose assessments on all participating members in the respective program to provide adequate funds to the Authority for the payment of all incurred losses.

The Authority coordinates the claims process in conjunction with various organizations. These entities include the State of California Attorney General's Office; Sedgwick Claims Management Services, Inc. (Sedgwick); Carl Warren & Company (Carl Warren); Health Special Risk, Inc. (HSR); the CSU Office of General Counsel; Systemwide Risk Management; Alliant Insurance Services (Alliant); the CSU Office of the Chancellor; and the 23 CSU campuses. Sedgwick is the third-party administrator (TPA) for all workers' compensation claims involving campuses and Auxiliary Organizations. Carl Warren is the TPA for Auxiliary

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

Organization liability claims. HSR is the TPA for Athletic Injury Medical Expense (AIME) and Club Sports Insurance Program (CSIP) claims. Alliant administers all entity risk pooling programs provided by the Authority.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements for the Authority have been prepared under the standards promulgated by the Governmental Accounting Standards Board (GASB) using the accrual basis of accounting and economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. The Authority is considered a special-purpose government. The Authority records revenues primarily from fees collected from the campuses and Auxiliary Organizations and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities.

(b) Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities

The Authority considers assets to be current when they can be reasonably expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the Statements of Net Position date. Liabilities that can be reasonably expected, as part of the Authority's normal business operations, to be liquidated within 12 months of the Statements of Net Position date are considered to be current. All other assets and liabilities are considered to be noncurrent. For classification of current and noncurrent investments, refer to note 2(d).

(c) Cash and Cash Equivalents and Statements of Cash Flows

The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The Authority considers amounts included in the Morgan Stanley Smith Barney and the CSU Consolidated Investment Pool to be investments. Certain transactions recorded as revenues or expenses in the accompanying Statements of Revenues, Expenses and Changes in Net Position include transactions between entities that are also participants in the Investment Pool. The Authority considers changes in the respective participants' equity in the CSU Consolidated Investment Pool resulting from these transactions to represent cash flows of the Authority in the accompanying Statements of Cash Flows.

(d) Investments

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statements of Revenues, Expenses, and Changes in Net Position as a component of investment income, net.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than current operations, designated or restricted for the liquidation of the noncurrent portion of long-term liabilities, or restricted as to the liquidity of the investments are classified as other long-term investments.

(e) Accounts Receivable

Accounts receivable represents amounts due from the Members and excess insurance carriers.

(f) Reinsurance Recoverable

Reinsurance recoverable represents estimated amounts due from reinsurers, who reinsured the CSU's workers' compensation claims liability for claims incurred during the fiscal year. The estimates are related to paid claims and claim adjustment expenses as of fiscal year-end. The estimated amounts recoverable from reinsurers that are related to the liabilities for unpaid claims and claim adjustment expenses are deducted from those claims liabilities for losses and loss adjustment expenses (LAE) (note 2(h)).

(g) Member Contributions

The Authority reports contributions received from the Members in the Statements of Revenues, Expenses, and Changes in Net Position. Contribution calculations for both campuses and Auxiliary Organizations are based on program funding policies and procedures, and various rating plans, including pro rata shares of the anticipated claims liabilities for losses and LAE based on actuary projections and loss rates. Contributions are recorded as revenue for the policy year in which coverage is provided.

(h) Claims Liability for Losses and LAE

The claims liability for losses and LAE included in the accompanying financial statements reflect the estimated cost of settling claims relating to events that have occurred as of fiscal year-end. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liability for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

Claims liability is recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

In estimating unpaid losses and LAE, the Authority has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future losses may deviate from those estimates.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

(i) Dividend Distributions

The Authority reports dividends in the Statements of Revenues, Expenses, and Changes in Net Position for the return of contributions to the Members. Dividends to CSU campuses are based on a review of the funding status report by the Executive Committee and are distributed to each member by their pro rata contributions over the past five completed fiscal years. Dividends to any participating Auxiliary Organization are calculated and distributed in accordance with the Dividends and Assessment Policy. Dividend distributions are accrued as dividend expense once they are approved and declared by the Executive Committee and the Auxiliary Organizations Risk Management Alliance (AORMA) Committee.

(j) Net Position

The Authority's net position is classified as unrestricted. Unrestricted net position may be designated for use by the Authority. The Authority has adopted a policy of utilizing restricted funds, when available, prior to unrestricted funds.

(k) Classification of Revenues and Expenses

The Authority considers operating revenues and expenses in the Statements of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Authority's primary functions. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB requirements. These nonoperating activities include the Authority's investment income, net, and interest income from loans.

(l) Income Taxes

The Authority was formed pursuant to the Code Section 6500 et seq. and, as a governmental entity, is not subject to federal or state income taxes under §115 of the Internal Revenue Code of 1986.

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

(n) Reclassification

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

(3) Cash and Cash Equivalents, Investments, and Investment Income, Net

The Authority's cash, cash equivalents, and investments as of June 30, 2019 and 2018 are classified in the accompanying Statements of Net Position as follows:

	2019	2018
Cash and cash equivalents	\$ 14,000	62,000
Short-term investments	65,954,000	80,071,000
Other long-term investments	46,000,000	52,000,000
Total	\$ 111,968,000	132,133,000

(a) Cash and Cash Equivalents

The Authority maintains centralized management for substantially all of its cash and cash equivalents. Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

At June 30, 2019 and 2018, the Authority's cash and cash equivalents consist of demand deposits held at a financial institution. The carrying amount of the cash in demand deposit accounts were \$98,000 and \$173,000 at June 30, 2019 and 2018, respectively. The primary difference between the book and bank balance is due to outstanding checks and cash awaiting investment in the CSU Consolidated Investment Pool.

(b) Investments

At June 30, 2019 and 2018, the Authority's investment portfolio consists of investments held at Morgan Stanley Smith Barney and in the CSU Consolidated Investment Pool. Separate accounting is maintained as to the amounts allocable to the various funds and programs.

(i) Investment Policy

State law and regulations require that surplus monies of the Authority must be invested. The primary objective of the Authority's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Authority. The third objective is to return an acceptable yield.

The Authority's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Sections 16430 and 53601, and Education Code Section 89724, subject to certain limitations. In general, the Authority's investment policy permits investments in obligations of the federal and California state governments, certificates of deposit, high-quality domestic corporate and fixed-income securities, and certain other investment instruments.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

(ii) *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments or deposits may not be returned to the Authority. Substantially all of the Authority's securities are registered in the Authority's name by the custodial bank as an agent for the Authority. The Authority's deposits are maintained at financial institutions that are Federal Deposit Insurance Corporation insured. As a result, custodial credit risk for such investments and deposits is remote.

(iii) *Interest Rate Risk*

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to fluctuations in market interest rates. The Authority's investment guidelines measure interest rate risk by limiting an eligible investment to a maximum effective maturity and by limiting the average duration of the portfolio. The effective maturity date reflects a bond with embedded options, such as a call, put, or reset date, and prepayment speed resulting in the maturity of a bond being less than its final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates.

Durations of the Authority's investment portfolio for each investment type as of June 30, 2019 are presented in the table below.

Investment type	Fair value	Duration (in years)
Asset-backed securities	\$ 6,005,000	4.46933
Certificates of deposit	229,000	0.12452
Corporate bonds	26,715,000	2.68551
Money market funds	729,000	—
Mortgage-backed securities	9,058,000	1.71837
Municipal bonds	4,709,000	5.38498
Repurchase agreement	16,000	0.00268
U.S. agency securities	3,745,000	4.39240
U.S. Treasury securities	59,553,000	5.15195
International bonds	1,195,000	3.77047
Total investments	<u>\$ 111,954,000</u>	

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

Durations of the Authority's investment portfolio for each investment type as of June 30, 2018 are presented in the table below:

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (in years)</u>
Asset-backed securities	\$ 5,144,000	4.31367
Certificates of deposit	2,000	0.20921
Corporate bonds	21,303,000	3.27725
International bonds	1,175,000	4.52257
Money market funds	103,000	—
Mortgage-backed securities	9,348,000	3.98694
Municipal bonds	5,769,000	5.84835
Mutual funds	1,000	5.68226
U.S. agency securities	3,290,000	3.61168
U.S. Treasury securities	<u>85,936,000</u>	4.71088
Total investments	<u>\$ 132,071,000</u>	

Another way the Authority manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide cash flows and liquidity needed for operations.

(iv) *Credit Risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

By law, the Authority invests in low credit risk securities, such as U.S. government securities, securities of federally sponsored agencies, highly rated domestic corporate bonds, prime-rated commercial paper, repurchase and reverse repurchase agreements, banker's acceptances, and negotiable certificates of deposit. Therefore, occurrence of credit risk is remote.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2019 are presented in the table below:

Investment type	Fair value	Ratings as of year-end				
		AAA	AA	A	BBB	Not rated
Asset-backed securities	\$ 6,005,000	6,005,000	—	—	—	—
Certificates of deposit	229,000	89,000	5,000	135,000	—	—
Corporate bonds	26,715,000	2,605,000	7,066,000	16,145,000	899,000	—
Money market funds	729,000	690,000	—	—	—	39,000
Mortgage-backed securities	9,058,000	9,058,000	—	—	—	—
Municipal bonds	4,709,000	1,781,000	2,923,000	5,000	—	—
Repurchase agreement	16,000	16,000	—	—	—	—
U.S. agency securities	3,745,000	2,208,000	1,537,000	—	—	—
U.S. Treasury securities	59,553,000	57,739,000	1,814,000	—	—	—
International bonds	1,195,000	1,195,000	—	—	—	—
Total investments	\$ 111,954,000	81,386,000	13,345,000	16,285,000	899,000	39,000

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2018 are presented in the table below:

Investment type	Fair value	Ratings as of year-end				
		AAA	AA	A	BBB	Not rated
Asset-backed securities	\$ 5,144,000	4,348,000	179,000	617,000	—	—
Certificates of deposit	2,000	1,000	—	1,000	—	—
Corporate bonds	21,303,000	615,000	1,000	14,784,000	3,090,000	2,813,000
International bonds	1,175,000	—	1,175,000	—	—	—
Money market funds	103,000	—	—	—	—	103,000
Mortgage-backed securities	9,348,000	330,000	9,018,000	—	—	—
Municipal bonds	5,769,000	—	5,769,000	—	—	—
Mutual funds	1,000	—	—	—	—	1,000
U.S. agency securities	3,290,000	—	1,924,000	—	—	1,366,000
U.S. Treasury securities	85,936,000	—	85,936,000	—	—	—
Total investments	\$ 132,071,000	5,294,000	104,002,000	15,402,000	3,090,000	4,283,000

(v) *Concentration Risk*

Concentration risk rises as investments become concentrated relative to a portfolio characteristic, such as issuance, issuer, market sector, counter party, or sovereign nation, and is best mitigated by diversification. The Authority's investment policy has concentration limits that provide sufficient diversification. As a result, the occurrence of concentration risk is remote.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

As of June 30, 2019, there were no investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of the Authority's total investment portfolio. As of June 30, 2018, the following investment of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Authority's total investment portfolio: Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association, totaling \$17,935,000 or 14%.

(vi) *Fair Value Measurements*

The Authority uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Authority's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Authority groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2019:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 2</u>	<u>Net asset value</u>
Asset-backed securities	\$ 6,005,000	6,005,000	—
Certificates of deposit	229,000	229,000	—
Corporate bonds	26,715,000	26,715,000	—
Money market funds	729,000	—	729,000
Mortgage-backed securities	9,058,000	9,058,000	—
Municipal bonds	4,709,000	4,709,000	—
Repurchase agreement	16,000	16,000	—
U.S. agency securities	3,745,000	3,745,000	—
U.S. Treasury securities	59,553,000	59,553,000	—
International bonds	1,195,000	1,195,000	—
Total investments	<u>\$ 111,954,000</u>	<u>111,225,000</u>	<u>729,000</u>

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2018:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 2</u>	<u>Net asset value</u>
Asset-backed securities	\$ 5,144,000	5,144,000	—
Certificates of deposit	2,000	2,000	—
Corporate bonds	21,303,000	21,303,000	—
International bonds	1,175,000	1,175,000	—
Money market funds	103,000	—	103,000
Mortgage-backed securities	9,348,000	9,348,000	—
Municipal bonds	5,769,000	5,769,000	—
Mutual funds	1,000	1,000	—
U.S. agency securities	3,290,000	3,290,000	—
U.S. Treasury securities	85,936,000	85,936,000	—
Total investments	<u>\$ 132,071,000</u>	<u>131,968,000</u>	<u>103,000</u>

The following discussion describes the valuation methodologies used for financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair value are affected by the assumptions used.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

Investments are classified in Level 1 as fair value are obtained at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry standard pricing service, when available. Investments for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the Authority's external investment managers or their custodians.

Investments are classified in Level 2 as fair value are calculated using valuations that include observable market quoted prices for similar assets or liabilities. Observable inputs other than quoted prices such as price services or indices, estimates, appraisals, assumptions, and other methods that are reviewed by management. Changes in market conditions and economic environments may impact the net asset value (NAV) of the funds and consequently the fair value of the Authority's interests in the funds.

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2019 or 2018.

Money market funds are not categorized under the fair value hierarchy and are shown at NAV. These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

(c) Investment Income, Net

Investment income, net, included within the Statements of Revenues, Expenses, and Changes in Net Position is comprised of unrealized gains (losses) of \$1,514,000 and \$(468,000), realized gains (losses) of \$2,634,000 and \$(2,916,000), and interest and dividend income of \$3,512,000 and \$2,984,000 for the years ended June 30, 2019 and 2018, respectively.

(4) Loans Receivable from Affiliates

In June 2017, the Authority entered into a loan agreement with Humboldt State University in the amount of \$1,800,000. The loan is nonamortizing, with interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.356% and 0.137% at June 30, 2019 and 2018, respectively). The maturity date of the loan is October 31, 2022. During fiscal year 2019, Humboldt State University paid \$162,000 of loan principal. The amount outstanding on the loan was \$1,638,000 and \$1,800,000 as of June 30, 2019 and 2018, respectively.

In May 2014, the Authority entered into a 5-year line-of-credit agreement with California State University, Sacramento in the amount of \$4,000,000, which was fully paid off as of June 30, 2019. The line-of-credit was available for a 5-year period with principal and interest due and payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.356% and 0.137% at June 30, 2019 and 2018, respectively). The amounts outstanding on the loan were \$0 and \$489,000 as of June 30, 2019 and 2018, respectively.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

The following table summarizes the Authority's loans receivable from affiliates as of June 30, 2019 and 2018:

	2019	2018
Humboldt State University	\$ 1,638,000	1,800,000
California State University, Sacramento	—	489,000
Total loans receivable from affiliates	1,638,000	2,289,000
Less current portion	—	(489,000)
Loans receivable from affiliates, net of current portion	\$ 1,638,000	1,800,000

(5) Claims Liability for Losses and Loss Adjustment Expenses

The Authority establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related loss adjustment expenses. Although considerable variability is inherent in such estimates, management believes that the liability is reasonable at June 30, 2019 and 2018.

Changes in the Authority's claims liability for the years ended June 30, 2019 and 2018 are as follows:

Claims liability for losses and loss adjustment expenses, June 30, 2017	\$ 70,819,000
Less current portion	(20,375,000)
Claims liability for losses and loss adjustment expenses, June 30, 2017, net of current portion	50,444,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	63,078,000
Decrease in provision for reinsured events of the current fiscal year	(29,282,000)
Decrease in provision for insured events of prior fiscal years	(3,879,000)
Total incurred claims for losses and loss adjustment expenses	29,917,000
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(20,103,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	14,273,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(30,199,000)
Total payments	(36,029,000)

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

Claims liability for losses and loss adjustment expenses, June 30, 2018	\$ 64,707,000
Less current portion	<u>(17,791,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2018, net of current portion	<u>46,916,000</u>
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	67,753,000
Decrease in provision for reinsured events of the current fiscal year	(30,120,000)
Decrease in provision for insured events of prior fiscal years	<u>(6,249,000)</u>
Total incurred claims for losses and loss adjustment expenses	<u>31,384,000</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(19,460,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	15,927,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(36,183,000)</u>
Total payments	<u>(39,716,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2019	56,375,000
Less current portion	<u>(14,957,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2019, net of current portion	<u>\$ 41,418,000</u>

(6) Related-Party Transactions

The following represents a summary of the accounts receivable, contributions, and dividends for the years ended June 30, 2019 and 2018, and general liability insurance deductibles for the policy period detailed by member:

	June 30, 2019			General liability insurance deductibles per occurrence
Member	Accounts receivable	Contributions	Dividends	
Campuses	\$ 7,500,000	92,867,000	(4,775,000)	35,000–900,000
Auxiliary Organizations	<u>188,000</u>	<u>12,681,000</u>	<u>(1,336,000)</u>	25,000–100,000
	<u>\$ 7,688,000</u>	<u>105,548,000</u>	<u>(6,111,000)</u>	

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

	June 30, 2018			
Member	Accounts receivable	Contributions	Dividends	General liability insurance deductibles per occurrence
Campuses	\$ 566,000	95,311,000	(7,027,000)	35,000–900,000
Auxiliary Organizations	598,000	6,792,000	(1,651,000)	25,000–100,000
	\$ 1,164,000	102,103,000	(8,678,000)	

(7) Excess Insurance and Reinsurance

(a) Excess Insurance

For the years ended June 30, 2019 and 2018, the Authority purchased excess insurance to protect the Members from catastrophic losses.

The Authority maintained excess public entity liability insurance coverage provided by School Excess Liability Fund (SELF), a joint powers authority, with coverage for individual claims above \$5,000,000 and up to \$45,000,000 per occurrence until December 2009.

The Authority maintained excess general liability insurance coverage provided by Ironshore Specialty Insurance Company and various other insurers with coverage for individual claims above \$5,000,000 up to \$200,000,000 per occurrence. The Authority purchased from Safety National excess workers' compensation insurance to statutory limits in excess of the \$2,500,000 self-insured retention for the years ended June 30, 2019 and 2018. For the AORMA workers' compensation program, the Authority also purchased from Safety National excess workers' compensation insurance to statutory limits in excess of the \$750,000 self-insured retention for the years ended June 30, 2019 and 2018. There have been no settlements exceeding insurance limits in the past three fiscal years.

Effective January 1, 2015, the Authority joined the CSAC Excess Insurance Authority Excess Workers' Compensation Program, pursuant to the memorandum of coverage issued by the EIA. The EIA is responsible for all covered losses within the amount of the self-insured retention layer of \$2,500,000 for the campus workers' compensation program and \$500,000 for the AORMA workers' compensation program. The estimated amounts that are recoverable from the EIA as of June 30, 2019 and 2018 were \$65,957,000 and \$55,402,000 for the campus workers' compensation program and \$4,927,000 and \$5,461,000 for the AORMA workers' compensation program, respectively.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2019 and 2018

(b) Reinsurance

For the years ended June 30, 2019 and 2018, the Authority did not enter into the CSU's workers' compensation reinsurance contract. From the years ended June 30, 2008 through June 30 2012, the Authority entered into a reinsurance contract with the Insurance Company of the State of Pennsylvania (the Reinsurer). This transaction reinsured the CSU's workers' compensation claims liability for claims incurred within the \$2,500,000 self-insured retention up to aggregate limits. The estimated amounts that are recoverable from the reinsurer and that reduce the liabilities as of June 30, 2019 and 2018 were \$8,790,000 and \$11,860,000, respectively. While such losses are reinsured, the Authority will not be relieved of its primary obligations to the policyholder in these reinsurance transactions.

For the years ended June 30, 2019 and 2018, the Authority purchased reinsurance for the campus and AORMA liability programs provided by Markel, Great American, Ironshore, Argonaut, Hiscox/ATL, AWAC, and the General Reinsurance Corporation. This transaction reinsured the AORMA claims liability for individual claims incurred in excess of \$500,000 and up to \$5,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2019 and 2018 were \$3,627,000 and \$3,188,000, respectively. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

For the years ended June 30, 2019 and 2018, the Authority purchased reinsurance for the campus and AORMA property programs provided by the Public Entity Property Insurance Program (the PEPIP). This transaction reinsured the campus and AORMA property programs for individual claims in excess of \$100,000 for the AORMA program and \$1,000,000 for the Campus program and up to \$1,000,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2019 and 2018 were \$7,592,000 and \$6,624,000, respectively. The coverage terms and conditions are the same as provided by the PEPIP in prior years.

(8) SELF Assessment Liability

Prior to July 1, 2004, the Authority maintained excess workers' compensation insurance coverage provided by SELF, a public entity risk pool. The Authority remains liable for assessments from SELF in settlement of claims incurred prior to July 1, 2004. The assessment liabilities as of June 30, 2019 and 2018 were \$5,455,000 and \$6,818,000, respectively.

(9) Subsequent Events

Subsequent events have been evaluated through September 30, 2019, which corresponds to the date when the financial statements were issued. There are no subsequent events that require disclosure.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Supplementary Information
Reconciliation of Workers' Compensation Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's workers' compensation contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 33,735,000	39,703,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	29,362,000	28,399,000
Decrease in provision for reinsured events of current fiscal year	(28,163,000)	(26,793,000)
Decrease in provision for insured events of prior fiscal years	<u>(7,325,000)</u>	<u>(5,212,000)</u>
Total incurred claims and claim adjustment expenses	<u>(6,126,000)</u>	<u>(3,606,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	14,722,000	12,862,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(17,138,000)</u>	<u>(15,224,000)</u>
Total payments	<u>(2,416,000)</u>	<u>(2,362,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 25,193,000</u>	<u>33,735,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Supplementary Information

Reconciliation of General Liability Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's general liability contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 23,906,000	23,463,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	13,768,000	9,045,000
Increase in provision for insured events of prior fiscal years	<u>792,000</u>	<u>1,614,000</u>
Total incurred claims and claim adjustment expenses	<u>14,560,000</u>	<u>10,659,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	(5,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(14,294,000)</u>	<u>(10,211,000)</u>
Total payments	<u>(14,294,000)</u>	<u>(10,216,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 24,172,000</u>	<u>23,906,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Supplementary Information

Reconciliation of Industrial Disability, Nonindustrial Disability, and Unemployment Insurance (IDL/NDL/UI)
Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's IDL/NDL/UI contracts for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>14,319,000</u>	<u>14,290,000</u>
Total incurred claims and claim adjustment expenses	<u>14,319,000</u>	<u>14,290,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,319,000)</u>	<u>(14,290,000)</u>
Total payments	<u>(14,319,000)</u>	<u>(14,290,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Supplementary Information

Reconciliation of Property Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's property contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>1,726,000</u>	<u>2,423,000</u>
Total incurred claims and claim adjustment expenses	<u>1,726,000</u>	<u>2,423,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(1,726,000)</u>	<u>(2,423,000)</u>
Total payments	<u>(1,726,000)</u>	<u>(2,423,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Supplementary Information

Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's AIME contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 2,387,000	2,328,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	4,035,000	3,735,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>177,000</u>	<u>(285,000)</u>
Total incurred claims and claim adjustment expenses	<u>4,212,000</u>	<u>3,450,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(1,928,000)	(1,745,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,098,000)</u>	<u>(1,646,000)</u>
Total payments	<u>(4,026,000)</u>	<u>(3,391,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>2,573,000</u>	<u>2,387,000</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Supplementary Information
Reconciliation of Club Sports Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's club sports contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>78,000</u>	<u>44,000</u>
Total incurred claims and claim adjustment expenses	<u>78,000</u>	<u>44,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(78,000)</u>	<u>(44,000)</u>
Total payments	<u>(78,000)</u>	<u>(44,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Supplementary Information
Reconciliation of AORMA Workers' Compensation Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA workers' compensation contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 2,890,000	3,877,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	2,047,000	2,627,000
Decrease in provision for reinsured events of current fiscal year	(1,957,000)	(2,489,000)
Decrease in provision for insured events of prior fiscal years	<u>(409,000)</u>	<u>(345,000)</u>
Total incurred claims and claim adjustment expenses	<u>(319,000)</u>	<u>(207,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	1,189,000	1,411,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(1,861,000)</u>	<u>(2,191,000)</u>
Total payments	<u>(672,000)</u>	<u>(780,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>1,899,000</u>	<u>2,890,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Supplementary Information

Reconciliation of AORMA General Liability Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA general liability contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 1,789,000	1,448,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	1,128,000	985,000
Increase in provision for insured events of prior fiscal years	<u>516,000</u>	<u>349,000</u>
Total incurred claims and claim adjustment expenses	<u>1,644,000</u>	<u>1,334,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(119,000)	(66,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	16,000	—
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(792,000)</u>	<u>(927,000)</u>
Total payments	<u>(895,000)</u>	<u>(993,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 2,538,000</u>	<u>1,789,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Supplementary Information

Reconciliation of AORMA Property Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA property contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>396,000</u>	<u>221,000</u>
Total incurred claims and claim adjustment expenses	<u>396,000</u>	<u>221,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(396,000)</u>	<u>(221,000)</u>
Total payments	<u>(396,000)</u>	<u>(221,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Supplementary Information

Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA UIP contract for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>894,000</u>	<u>1,309,000</u>
Total incurred claims and claim adjustment expenses	<u>894,000</u>	<u>1,309,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(894,000)</u>	<u>(1,309,000)</u>
Total payments	<u>(894,000)</u>	<u>(1,309,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Schedule of Net Position

June 30, 2019

(For inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 13,910
Short-term investments	65,954,170
Accounts receivable, net	9,349,349
Prepaid expenses and other assets	<u>12,810,636</u>
Total current assets	<u>88,128,065</u>

Noncurrent assets:

Notes receivable, net of current portion	1,637,923
Other long-term investments	<u>45,999,543</u>
Total noncurrent assets	<u>47,637,466</u>
Total assets	<u>135,765,531</u>

Liabilities:

Current liabilities:

Accounts payable	10,086,297
Unearned revenues	55,038
Claims liability for losses and loss adjustment expenses, current portion	<u>14,956,599</u>
Total current liabilities	<u>25,097,934</u>

Noncurrent liabilities:

Claims liability for losses and loss adjustment expenses, net of current portion	41,417,276
Other liabilities	<u>4,091,079</u>
Total noncurrent liabilities	<u>45,508,355</u>
Total liabilities	<u>70,606,289</u>

Net position:

Unrestricted	<u>65,159,242</u>
Total net position	<u>\$ 65,159,242</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2019

(For inclusion in the California State University)

Revenues:

Operating revenues:

Other operating revenues	\$ <u>94,329,112</u>
Total operating revenues	<u>94,329,112</u>

Expenses:

Operating expenses:

Instruction	7,951,939
Research	105,843
Public service	83,830
Academic support	1,746,148
Student services	1,776,757
Institutional support	81,973,738
Operation and maintenance of plant	1,104,655
Student grants and scholarships	—
Auxiliary enterprise expenses	287,453
Depreciation and amortization	—
Total operating expenses	<u>95,030,363</u>

Operating loss	<u>(701,251)</u>
----------------	------------------

Nonoperating revenues (expenses):

Investment income, net	7,718,205
Other nonoperating expenses	<u>(6,110,597)</u>

Net nonoperating revenues	<u>1,607,608</u>
---------------------------	------------------

Increase in net position	906,357
--------------------------	---------

Net position:

Net position, beginning of year	<u>64,252,885</u>
---------------------------------	-------------------

Net position, end of year	\$ <u><u>65,159,242</u></u>
---------------------------	-----------------------------

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Other Information

June 30, 2019

(For inclusion in the California State University)

Cash and cash equivalents:

Current cash and cash equivalents	\$ <u>13,910</u>
Total	\$ <u><u>13,910</u></u>

Composition of investments:

	Current unrestricted	Total current	Noncurrent unrestricted	Total noncurrent	Total
Asset-backed securities	\$ 230,669	230,669	5,774,327	5,774,327	6,004,996
Certificates of deposit	228,842	228,842	—	—	228,842
Corporate bonds	3,527,394	3,527,394	23,187,932	23,187,932	26,715,326
Money market funds	728,966	728,966	—	—	728,966
Mortgage-backed securities	305	305	9,058,128	9,058,128	9,058,433
Municipal bonds	75,558	75,558	4,633,009	4,633,009	4,708,567
Repurchase agreements	15,671	15,671	—	—	15,671
U.S. agency securities	1,594,246	1,594,246	2,150,882	2,150,882	3,745,128
U.S. Treasury securities	59,552,519	59,552,519	—	—	59,552,519
International bonds	—	—	1,195,265	1,195,265	1,195,265
Total investments	\$ <u>65,954,170</u>	<u>65,954,170</u>	<u>45,999,543</u>	<u>45,999,543</u>	<u>111,953,713</u>

Fair value hierarchy in investments:

	Fair value measurements using				Net asset value (NAV)
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	
Asset-backed securities	\$ 6,004,996	—	6,004,996	—	—
Certificates of deposit	228,842	—	228,842	—	—
Corporate bonds	26,715,326	—	26,715,326	—	—
Money market funds	728,966	—	—	—	728,966
Mortgage-backed securities	9,058,433	—	9,058,433	—	—
Municipal bonds	4,708,567	—	4,708,567	—	—
Repurchase agreements	15,671	—	15,671	—	—
U.S. agency securities	3,745,128	—	3,745,128	—	—
U.S. Treasury securities	59,552,519	—	59,552,519	—	—
International bonds	1,195,265	—	1,195,265	—	—
Total investments	\$ <u>111,953,713</u>	<u>—</u>	<u>111,224,747</u>	<u>—</u>	<u>728,966</u>

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Other Information (Continued)
June 30, 2019
(For inclusion in the California State University)

Long-term liabilities:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Current portion	Noncurrent portion
Claims liability for losses and loss adjustment expenses	\$ 64,707,176	31,383,513	(39,716,813)	56,373,876	14,956,599	41,417,277
Total long-term liabilities	\$ 64,707,176	31,383,513	(39,716,813)	56,373,876	14,956,599	41,417,277

Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	1,700,131
Payments to University for other than salaries of University personnel	134,466
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University	—
Other amounts (payable to) University	—
Accounts receivable from University	98,678
Other amounts receivable from University	—

Natural classifications of operating expenses:

	Salaries	Benefits – Other	Benefits – Pension	Benefits – OPEB	Scholarships and fellowships	Supplies and other services	Total operating expenses
Instruction	\$ —	7,951,939	—	—	—	—	7,951,939
Research	—	105,843	—	—	—	—	105,843
Public service	—	83,830	—	—	—	—	83,830
Academic support	—	1,746,148	—	—	—	—	1,746,148
Student services	—	1,776,757	—	—	—	—	1,776,757
Institutional support	—	1,908,013	—	—	—	80,065,725	81,973,738
Operation and maintenance of plant	—	1,104,655	—	—	—	—	1,104,655
Student grants and scholarships	—	—	—	—	—	—	—
Auxiliary enterprise expenses	—	287,453	—	—	—	—	287,453
Total operating expenses	\$ —	14,964,638	—	—	—	80,065,725	95,030,363

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Claims Development Information
(In thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net earned required contribution and investment revenues:										
Earned	\$ 90,247	96,364	104,726	91,560	93,935	96,997	104,997	102,346	101,752	113,266
Ceded	19,024	18,879	16,149	3,005	11,626	6,872	6,886	9,441	9,812	11,219
Net earned	<u>\$ 71,223</u>	<u>77,485</u>	<u>88,577</u>	<u>88,555</u>	<u>82,309</u>	<u>90,125</u>	<u>98,111</u>	<u>92,905</u>	<u>91,940</u>	<u>102,047</u>
Unallocated expenses	\$ 52,578	39,257	48,776	41,755	30,116	44,878	60,194	80,309	71,150	69,756
Estimated incurred claims and expenses, end of policy year:										
Incurred	\$ 57,959	63,416	57,994	59,095	59,313	60,386	56,800	60,246	63,078	67,753
Ceded	17,118	19,834	19,575	—	—	14,527	24,959	26,653	29,282	30,120
Net incurred	<u>\$ 40,841</u>	<u>43,582</u>	<u>38,419</u>	<u>59,095</u>	<u>59,313</u>	<u>45,859</u>	<u>31,841</u>	<u>33,593</u>	<u>33,796</u>	<u>37,633</u>
Paid (cumulative) as of:										
End of policy year	\$ 19,615	18,972	20,541	11,400	13,019	14,300	9,658	7,058	5,830	3,533
One year later	22,697	20,457	22,295	28,965	27,549	24,260	21,005	23,554	23,227	—
Two years later	23,082	23,664	23,853	35,942	32,559	26,281	24,800	25,923	—	—
Three years later	24,863	28,733	25,063	38,432	41,718	27,674	32,329	—	—	—
Four years later	25,543	29,004	25,282	40,302	43,576	28,625	—	—	—	—
Five years later	29,061	29,461	25,330	45,884	45,763	—	—	—	—	—
Six years later	29,370	29,617	25,390	49,815	—	—	—	—	—	—
Seven years later	29,545	29,671	25,398	—	—	—	—	—	—	—
Eight years later	29,612	29,805	—	—	—	—	—	—	—	—
Nine years later	29,619	—	—	—	—	—	—	—	—	—
Re-estimated ceded claims and expenses	\$ 17,996	22,643	21,685	—	—	14,527	24,959	26,653	29,282	30,120

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Claims Development Information (Continued)
(In thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Re-estimated incurred claims and expenses:										
End of policy year	\$ 40,841	43,582	38,419	59,095	59,313	45,859	31,841	33,593	33,796	37,633
One year later	34,160	30,986	27,064	50,697	48,463	36,014	31,206	28,940	30,941	—
Two years later	29,484	28,962	27,864	50,636	49,235	33,781	29,356	28,377	—	—
Three years later	28,725	30,268	26,082	31,868	53,080	33,386	32,892	—	—	—
Four years later	28,024	30,168	25,906	37,005	53,946	32,341	—	—	—	—
Five years later	32,595	30,201	25,588	55,576	52,531	—	—	—	—	—
Six years later	32,360	30,079	25,666	54,124	—	—	—	—	—	—
Seven years later	32,491	30,157	25,642	—	—	—	—	—	—	—
Eight years later	29,733	29,973	—	—	—	—	—	—	—	—
Nine years later	29,619	—	—	—	—	—	—	—	—	—
Increase (decrease) in estimated incurred claims and expenses from end of policy year	\$ (11,222)	(13,609)	(12,777)	(4,971)	(6,782)	(13,518)	1,051	(5,216)	(2,855)	—

See accompanying independent auditors' report.



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

September 30, 2019

The Board of Directors
CSU Risk Management Authority
401 Golden Shore
Long Beach, California 90802

Ladies and Gentlemen:

We have audited the financial statements of the California State University Risk Management Authority ("the Authority") as of June 30, 2019 and 2018 and for each of the years then ended, and issued our report thereon under date of September 30, 2019. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audit.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing an opinion about whether the financial statements, which have been prepared by management with the oversight of the board of directors, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We have a responsibility to perform our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (AICPA). In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or the board of directors of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Site Authority's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the board of directors in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Authority's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents.



Board of Directors
CSU Risk Management Authority
September 30, 2019
Page 2 of 3

Accounting Practices and Alternative Treatments

Significant Accounting Policies

The significant accounting policies used by the Authority are described in note 2 to the financial statements.

Unusual Transactions

We encountered no significant unusual transactions during the performance of our audit.

Qualitative Aspects of Accounting Practices

We have discussed with the board of directors and management our judgments about the quality, not just the acceptability, of the Authority's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the Authority's accounting policies and their application, and the understandability and completeness of the Authority's financial statements, which include related disclosures.

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the Authority to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Management's estimate of the amounts recoverable related to self-insurance and reinsurance agreements are based on paid claims and claim adjustment expense. We evaluated the assumptions used to develop the estimated amounts due from reinsurers in determining that the estimated amounts recoverable were reasonable in relation to the financial statements taken as a whole.

Uncorrected and Corrected Misstatements

Uncorrected Misstatements

In connection with our audit of the Authority's financial statements, we have not identified any significant financial statement misstatements that have not been corrected in the Authority's books and records as of and for the year ended June 30, 2019 and have communicated this to management.

Corrected Misstatements

In connection with our audit of the Authority's financial statements, we have not identified any significant financial statement misstatements related to accounts and disclosures that have not been corrected in the Authority's books and records as of and for the year ended June 30, 2019 and have communicated this to management.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that would have caused a modification of our auditors' report on the Authority's financial statements.



Board of Directors
CSU Risk Management Authority
September 30, 2019
Page 3 of 3

Significant Issues Discussed, or Subject to Correspondence, with Management

Material Written Communications

Attached to this letter please find copies of the following material written communications between management and us:

1. Engagement letter;
2. Management representation letter.

Other Significant Findings or Issues

We encountered no significant difficulties in dealing with management in performing our audit.

Independence

Our professional standards and other regulatory requirements specify that we communicate to you in writing, at least annually, all relationships between our firm and the Authority and persons in a financial reporting oversight role at the Authority, and provide confirmation that we are independent accountants with respect to the Authority.

We are not aware of any relationships between our firm and the Authority and persons in a financial reporting oversight role at the Authority that may reasonably be thought to bear on independence.

Confirmation of Audit Independence

We hereby confirm that as of September 30, 2019 we are independent accountants with respect to the Authority under relevant professional and regulatory standards.

This letter to the board of directors is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Telephone +1 949 885 5400
Fax +1 949 885 5410
kpmg.com

April 26, 2019

California State University
401 Golden Shore, 5th Floor
Long Beach, California 90802-4210

Attention: Ms. Mary Ek, Assistant Vice Chancellor and Controller

Ladies and Gentlemen:

This letter (Engagement Letter) confirms our understanding of our engagement to provide professional services to California State University (CSU).

Objectives and Limitations of Services

Financial Statement Audit Services

You have requested that we audit CSU's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, with the objective of expressing an opinion as to whether the presentation of the financial statements that have been prepared by management with the oversight of those charged with governance, conforms with U.S. generally accepted accounting principles.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. In conducting the audit, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, based on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud, to provide a reasonable basis for our opinion on the financial statements. We also will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and evaluate the overall financial statement presentation.

Our audit of the financial statements will be planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud, and noncompliance with laws and regulations may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Also, an audit is not designed to detect matters that are immaterial to the financial statements, and because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to detect abuse.

We will also perform certain limited procedures to the required supplementary information as required by auditing standards generally accepted in the United States of America. However, we will not express an opinion or provide any assurance on the information. Our report relating to the financial statements will include our consideration of required supplementary information.

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with the KPMG International Cooperative (“KPMG ICA”), a Swiss entity.



We also understand that the CSU's Single Audit Report will include a schedule of expenditures of federal awards (SEFA) and that the CSU's Financial Statements will include other supplementary information which are presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information will be subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America with the objective of expressing an opinion as to whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Subject to the remainder of this paragraph, we will issue a written report upon completion of our audit of CSU's financial statements addressed to Board of Trustees of CSU. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add emphasis-of-matter or other-matter paragraphs or withdraw from the engagement. If, during the performance of our audit procedures such circumstances arise, we will communicate to the audit committee our reasons for modification or withdrawal.

If CSU issues an annual report that is available to the public and the annual report contains the audited financial statements and our report thereon, management agrees to provide KPMG LLP (KPMG) a draft of such annual report prior to the report release date of the audited financial statements or, if that is not possible, as soon as practicable prior to the release of the annual report. We will read the other information contained in the annual report in order to identify material inconsistencies, if any, with the audited financial statements. However, we will not perform procedures to corroborate the other information.

Internal Control over Financial Reporting and Compliance and Other Matters

In making our risk assessments as part of planning and performing our audit of the financial statements, we will consider CSU's internal control relevant to the preparation and fair presentation of the financial statements in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the CSU's internal control.

The objective of our audit of the financial statements is not to report on CSU's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CSU's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, our objective is not to provide an opinion on compliance with such provisions.

In accordance with *Government Auditing Standards*, we will prepare a written report, Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements



Performed in Accordance With *Government Auditing Standards* (GAGAS report), on our consideration of internal control over financial reporting and tests of compliance made as part of our audit of the financial statements. This report will include any material weaknesses and significant deficiencies to the extent they come to our attention, and this report will also include instances of:

- Fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance;
- Noncompliance with provisions of contracts or grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or
- Abuse that is material, either quantitatively or qualitatively.

The report will describe its purpose and will state that it is not suitable for any other purpose.

In accordance with *Government Auditing Standards*, we will also issue a management letter to communicate instances of noncompliance with provisions of contracts or grant agreements or abuse that have an effect on the financial statements that are less than material but warrant the attention of those charged with governance.

In accordance with *Government Auditing Standards*, we are also required in certain circumstances to report fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse directly to parties outside the auditee.

Uniform Guidance Audit Services

We will also perform audit procedures with respect to CSU's major federal programs in accordance with Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("the Uniform Guidance"). The Uniform Guidance includes specific audit requirements, mainly in the areas of internal control and compliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of CSU's major federal programs that exceed those required by *Government Auditing Standards*.

As part of our audit procedures performed in accordance with the provisions of the Uniform Guidance, we will perform tests to evaluate the effectiveness of the design and operation of internal controls that we consider relevant to preventing or detecting material noncompliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of CSU's major federal programs. The tests of internal control performed in accordance with the Uniform Guidance are less in scope than would be necessary to render an opinion on internal control.

We will perform tests of CSU's compliance with federal statutes, regulations, and the terms and conditions of federal awards we determine to be necessary based on the *OMB Compliance Supplement*. The procedures outlined in the *OMB Compliance Supplement* are those suggested by each federal agency and do not cover all areas of regulations governing each program. Program reviews by federal agencies may identify additional instances of noncompliance.

In addition, we will prepare a written report (single audit report) which 1) provides our opinion on CSU's compliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major federal programs and 2) communicates our consideration of



internal control over major federal programs. The single audit report will describe its purpose and will state that it is not suitable for any other purpose.

The Federal Audit Clearinghouse requires the single audit reporting package, which includes the audited financial statements, to be submitted in a PDF format which is text searchable, unencrypted, and unlocked. This Engagement Letter serves as CSU's authorization for the submission of the reporting package in this format.

Offering Documents

Should CSU wish to include or incorporate by reference these financial statements and our audit reports thereon into an offering of exempt securities, prior to our consenting to include or incorporate by reference our reports on such financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. We will be required to perform procedures as required by the standards of the American Institute of Certified Public Accountants, including, but not limited to, reading other information incorporated by reference in the offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future offering documents will be determined at the time the services are to be performed.

Should CSU wish to include or incorporate by reference these financial statements and our audit reports thereon into an offering of exempt securities without obtaining our consent to include or incorporate by reference our reports on such financial statements, and we are not otherwise associated with the offering document, then CSU agrees to include the following language in the offering document:

"KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement."

Our Responsibility to Communicate with the Audit Committee

We will report to the audit committee or those charged with governance, in writing, the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
- Uncorrected misstatements accumulated by us during the audit and the effect that they, individually or in the aggregate, may have on our opinion in the auditor's report, and the effect of uncorrected misstatements related to prior periods.
- Significant difficulties and disagreements with management, if any, encountered during our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to the audit committee and determine that the audit committee has received copies of all material written communications between ourselves and management. We will also determine that the audit



committee has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the appropriate level of management about any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to our attention, we also will communicate directly to the audit committee any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements, and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the financial statements.

Management Responsibilities

The management of CSU acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for:

- a. identifying and ensuring that CSU complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing us of any known instances of noncompliance or suspected noncompliance with laws, regulations and provisions of contracts and grant agreements;
- b. providing us with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS or single audit report within 14 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the reports, the reports will indicate the status of management's responses;
- c. distributing the reports issued by KPMG.

Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

The management of CSU also acknowledges and understands that they have responsibility for the preparation of the SEFA in accordance with the applicable criteria. Management is also responsible for providing us written representations regarding the supplementary information. Management is also responsible for including our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information, and for including the audited financial statements with any presentation of the supplementary information that includes our report thereon or making the audited financial statements readily available to intended users of the supplementary information no later than the date the supplementary information is issued with our report thereon.



Management of CSU also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements and the compliance requirements applicable to its federal programs such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audits; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole. Because of the importance of management's representations to the effective performance of our services, CSU will release KPMG and its personnel from any claims, liabilities, costs and expenses relating to our services under this Engagement Letter attributable to any misrepresentations in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

In relation to compliance with the program requirements applicable to its federal programs, management acknowledges and understands its responsibility for:

- Identifying the CSU's government programs and understanding and complying with the compliance requirements.
- Establishing and maintaining effective controls that provide reasonable assurance that the CSU administers government programs in compliance with the compliance requirements.
- Evaluating and monitoring the CSU's compliance with the compliance requirements.
- Taking corrective action when instances of noncompliance are identified, including corrective action on audit findings of the compliance audit.

In addition to the Uniform Guidance requirements to maintain internal control and comply with the compliance requirements applicable to federal programs as discussed above, the Uniform Guidance also requires CSU to prepare a:

- Schedule of expenditures of federal awards;
- Summary schedule of prior audit findings;
- Corrective action plan; and
- Data collection form (Parts I and II).

While we may be separately engaged to assist you in the preparation of these items, preparation is the responsibility of CSU.



Certain provisions of the Uniform Guidance allow a granting agency to request that a specific program be selected as a major program provided that the federal granting agency is willing to pay the incremental audit cost arising from such selection. CSU agrees to notify KPMG of any such request by a granting agency and to work with KPMG to modify the terms of this Engagement Letter as necessary to accommodate such a request.

To facilitate our audit planning, in accordance with *Government Auditing Standards*, management agrees to identify and provide copies of reports, if applicable, of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented, prior to June 30, 2019.

Non-audit service - Assistance in Preparing Financial Statements

We will assist management in preparing the financial statements and related notes in accordance with U.S. generally accepted accounting principles. We will use information from the trial balance and/or other source documents provided by management to assist management in preparing the financial statements and related notes.

Our responsibility is to assist management in preparing the financial statements and related notes using the information provided by management. We will not assume management responsibilities on behalf of CSU. However, we may provide advice and recommendations to assist management of CSU in performing its responsibilities.

CSU agrees to:

- Assume all management responsibilities, including determining the accuracy and completeness of the financial statements and notes.
- Assign a suitable employee with appropriate skills, knowledge and/or experience to oversee the financial statement preparation assistance and evaluate the adequacy and results of the services.
- Accept responsibility for the results of the financial statement preparation assistance.

Dispute Resolution

Any dispute or claim arising out of relating to this Engagement Letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG or any its subcontractors or agents to CSU or at its request, shall be ruled by the provisions set for the in the MEA #4422 dated December 17, 2014.

Other Matters

In the event that any term or provision of this Engagement Letter shall be held to be invalid, void or unenforceable, then the remainder of the Engagement Letter shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

This Engagement Letter shall serve as CSU's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and CSU and between KPMG and outside specialists or other entities engaged by either KPMG or CSU. CSU acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.



Except as permitted by law or as set forth in this paragraph, neither party shall acquire hereunder any right to use the name or logo of the other party or any part thereof, and any such use shall require the express written consent of the owner party. CSU agrees that KPMG may list CSU as a CSU in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "California State University is an Audit client of KPMG LLP"). Further, for purposes of the services described in this Engagement Letter only, CSU hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of CSU solely for presentations or reports to CSU or for internal KPMG presentations and intranet sites.

CSU and KPMG acknowledge and agree that each shall comply with all applicable United States export control laws and regulations in the performance of each party's respective responsibilities under the Engagement Letter. Unless requested by KPMG to allow it to complete its audit, CSU will not provide KPMG, or grant KPMG access to, (a) information (including technical data or technology), verbally, electronically, or in hardcopy, (b) software or (c) hardware, that is controlled for export by the United States government under the Arms Export Control Act of 1976, Export Administration Act of 1979, the International Traffic in Arms Regulations ("ITAR"), Export Administration Regulations ("EAR"), Department of Energy Part 810 Regulations or Nuclear Regulatory Commission Part 110 Regulations, except information, software or hardware that is classified as EAR99 under the EAR ("Export Controlled Information"). If KPMG requests Export Controlled Information from CSU, CSU shall provide KPMG with notice of provision of Export Controlled Information at least 48 hours prior to providing such Export Controlled Information to KPMG. The CSU may require KPMG to certify the persons and systems receiving export controlled information are compliant with the laws cited herein.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this Engagement Letter. The audit documentation for this engagement is the property of KPMG. If KPMG receives a subpoena; other validly issued administrative, judicial, government or investigative regulatory demand or request, or other legal process requiring it to disclose CSU's confidential information ("Legal Demand"), KPMG shall, unless prohibited by law or such Legal Demand, provide prompt written notice to CSU of such Legal Demand in order to permit it to seek a protective order. So long as KPMG gives notice as provided herein, KPMG shall be entitled to comply with such Legal Demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event KPMG is requested or authorized by CSU, or is required by law, rule, regulation or Legal Demand in a proceeding or investigation to which KPMG is not a named party or respondent, to produce KPMG's documents or personnel as witnesses or for interviews, or otherwise to make information relating to the service under the Engagement Letter available to a third party, or CSU, CSU shall reimburse KPMG for its professional time, at its then-current standard hourly rates, and expenses, including reasonable attorneys' fees and expenses, incurred in producing documents or personnel or providing information pursuant to such requests, authorizations or requirements.

Pursuant to *Government Auditing Standards*, and subject to applicable provisions of laws and regulations, we are required to make certain audit documentation available in a full and timely manner to others, including Regulators, upon request. In addition, we may also be requested to make certain audit documentation available to Regulators pursuant to authority provided by law or regulation. If so requested, access to such audit documentation will be provided. Furthermore, Regulators may obtain copies of selected audit documentation. Such regulators may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies.



KPMG, as an accounting firm, has an obligation to comply with applicable professional standards. Certain professional standards, including AICPA Code of Professional Conduct Section 1.700, "Confidential CSU Information Rule," adopted by the American Institute of Certified Public Accountants and similar rules adopted by the boards of accountancy of many states, prohibit the disclosure of CSU confidential information without CSU consent, except in limited circumstances. KPMG represents to CSU that KPMG will treat CSU's confidential information in accordance with applicable professional standards.

KPMG may work with and use the services of other members of the international KPMG network of independent firms and entities controlled by, or under common control with, one or more KPMG member firms (together with KPMG, the "KPMG Firms") to provide services to CSU. In connection with the performance of services under this Engagement Letter, the KPMG Firms may, in their discretion, utilize the services of third party service providers within or outside of the United States to complete the services under this Engagement Letter. KPMG Firms and such third parties may have access to your confidential information from offshore locations. In addition, KPMG uses third party service providers within and outside of the United States to provide, at its direction, back-office administrative and clerical, or analytical services to KPMG and these third party service providers may in the performance of such services have access to your confidential information. In particular, KPMG's audit technologies, software productivity tools and certain technology infrastructure and, necessarily, your confidential information, may be hosted in cloud environments operated by KPMG Firms or such third party service providers. In addition, for purposes of fulfilling our professional responsibilities, such as maintaining independence and performing conflict checks, CSU will be listed as a client in internal KPMG systems accessible on a need to know basis to certain professionals in KPMG International member firms. KPMG represents that it has technical, legal and/or other safeguards, measures and controls in place to protect your confidential information from unauthorized disclosure or use.

You also understand and agree that the KPMG Firms, with the assistance of third parties as outlined above, may use all CSU's information for other purposes consistent with our professional standards, such as improving the delivery or quality of audit and other services or technology to you and to other clients, thought leadership projects, to allow you and other clients to evaluate various business transactions and opportunities, and for use in presentations to you, other clients and non-clients. When your information is used outside of the KPMG Firms or such third parties assisting them as outlined above, CSU will not be identified as the source of the information.

It may be necessary or convenient for CSU to use KPMG-owned or -licensed software, software agents, scripts, technologies, tools or applications (collectively "KPMG Technology") designed to extract data from CSU's electronic books and records systems or other systems (collectively, "Systems"), in connection with the audit. CSU understands and agrees that it is solely responsible for following appropriate change management policies, processes and controls relating to use of such technology (including without limitation appropriate backup of CSU's information and Systems) (collectively, "Change Management Processes") before such KPMG Technology is utilized to extract data from the Systems. In the event CSU fails to use such Change Management Processes or if such Change Management Processes prove to be inadequate, CSU acknowledges that the Systems and/or KPMG Technology may not function as intended. In consideration of the foregoing, KPMG hereby grants CSU the right to use KPMG Technology solely to facilitate CSU's necessary or convenient provision of information to KPMG in connection with the audit, and this grant does not extend to any other purposes or use by third parties outside of your organization without our prior written approval, provided that third party contractors of CSU having a need to know in order to perform their services to CSU are permitted to use KPMG Technology to the extent necessary for such parties to perform such services, so long as CSU has technical, legal and/or other safeguards, measures and controls in place to protect such KPMG



Technology and the KPMG confidential information therein from unauthorized disclosure or use. Other than as expressly permitted hereby, CSU agrees to keep KPMG Technology confidential, using no less than a reasonable standard of care to protect it from unauthorized disclosure or use, and to notify KPMG of any legal compulsions to disclose it, in accordance with the provisions governing legal demand of confidential information which appear in this engagement letter with respect to which the KPMG Technology is being used, *mutatis mutandis*. If the KPMG Technology is subject to any third party license terms and conditions before being provided to CSU, CSU may be required to accept such terms and conditions before using the KPMG Technology, in which case KPMG will provide such license terms and conditions to CSU in writing before CSU elects to use the KPMG Technology.

Except as otherwise provided for in this Engagement Letter, neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to this Engagement Letter (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld. Any assignment in violation hereof shall be null and void.

As required by *Government Auditing Standards*, we have attached a copy of KPMG's most recent peer review report.

Reports, Services and Associated Fees

Appendix I to this Engagement Letter lists the reports we will issue and the services we will provide as part of this engagement and our fees for professional services to be performed under this Engagement Letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this Engagement Letter.

Our engagement herein is for the provision of annual audit services for the financial statements and the Uniform Guidance for the periods described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this Engagement Letter we will provide the services set forth in Appendix I as a single engagement for each of CSU's subsequent fiscal years until either those charged with governance or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by those charged with governance.

This Engagement Letter and any exhibits, attachments and appendices hereto, and amendments thereto agreed in writing by the parties, shall constitute the entire agreement between KPMG and CSU with respect to the subject matter hereof and thereof, and supersede all other previous oral and written representations, understandings or agreements relating to the subject matter of this agreement.



California State University
April 26, 2019
Page 11 of 11

We shall be pleased to discuss this Engagement Letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this Engagement Letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Very truly yours,

KPMG LLP

Mark T. Thomas
Partner

MTT:ls:glb:T1658_v2

Enclosures

California State University

Authorized Signature

Darryl Dearborn
Associate Director, Procurement Operations

Title

5/22/19

Date

Reports, Services and Associated Fees

Based upon our discussions with and representations of management, our fees for services we will perform are estimated as follows:

Audit of financial statements of CSU as of and for the year ended June 30, 2019 per the billing schedule	\$2,320,000
--	-------------

The other reports that we will issue as part of and upon completion of this engagement are as follows:

Reports:

CSU Financial Statements with Revenue Bond Program Supplementary Information
 CSU Financial Statement with Supplementary Information
 CSU Single Audit Report

Other Reports to be Issued:

CSU Risk Management Authority Financial Statements with Supplementary Information
 California State University Institute Financial Statements with Supplementary Information
 Stockton Center Site Authority Financial Statements with Supplementary Information

Other Required Tasks:

GAAP Manual and Year End Workshop

Additional procedures, subject to the CSU's advance approval, including the review of Auxiliary Organization financial information, implementation of GASB pronouncements of unusual complexity, and other additional procedures as necessary (to be billed based on the number of hours incurred and approved by the CSU)	\$100,000
--	-----------

The above estimates are based on the level of experience of the individuals who will perform the services. Our fees are based on significantly discounted hourly rates and included all out-of-pocket expenses. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill CSU the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the CSU. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to CSU.

All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be CSU's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.



Peer Review Program
Administered by the National Peer Review Committee

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

March 27, 2018

Lynne M Doughtie, CPA
KPMG LLP
345 Park Ave
New York, NY 10154

Dear Ms. Doughtie:

On March 27, 2018, the National Peer Review Committee accepted the peer review report on the most recent System Review of your firm and firm's response thereto.

As you know, the report had a peer review rating of pass with deficiency. The Committee accepted the aforementioned documents with the understanding that the firm has taken the actions outlined in its response to the report. The Committee determined that the corrective actions taken by the firm are sufficient such that no additional remedial action is needed. Compliance with these actions will be monitored during your firm's next review. The due date for your next review is September 30, 2020. This is the date by which all review documents should be completed and submitted to the administering entity.

Your firm's actions as documented in your response demonstrates its commitment to the objectives of the profession's practice-monitoring program.

Sincerely,

Michael Fawley
Chair - National PRC
nprc@aicpa.org 919-402-4502

CC: Michael J Wagner; Stephen R Hicks



Report on the Firm's System of Quality Control

March 21, 2018

To the Partners of KPMG LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of KPMG LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Deficiency Identified in the Firm's System of Quality Control

We noted the following deficiency during our review:

1. Certain individuals of the firm, including former members of senior management for part of the peer review year ended March 31, 2017, participated in or were aware of improper actions related to audit engagement selections ahead of planned inspections by one of the firm's regulators. These individuals failed to take action to prevent or properly report the knowledge or possession of confidential information by either overriding or failing to enforce controls established by the firm.

PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, NY 10017
T: (646) 471 3000, F: (646) 471 8320, www.pwc.com/us



Actions by these individuals including the involvement of senior audit management caused us to conclude that the failure of these individuals to comply with the firm's quality control policies and procedures related to leadership responsibilities, relevant ethical requirements and monitoring could have created a situation during the peer review year ended March 31, 2017 in which the firm would not have reasonable assurance of performing or reporting in conformity with applicable professional standards in one or more important respects. Accordingly, we have concluded that this matter presented a deficiency in the firm's system of quality control during the applicable period. The firm is taking responsive actions to remediate this deficiency.

Opinion

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of KPMG LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. KPMG LLP has received a peer review rating of *pass with deficiency*.

Pratt Waterhouse LLP



California State University Risk Management Authority

401 Golden Shore-5th Floor, Long Beach, CA 90802
Telephone: 562-951-4621
Facsimile: 562-951-4865

September 30, 2019

KPMG LLP
20 Pacifica Suite 700
Irvine, California 92618

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the financial statements of California State University Risk Management Authority, (the Authority), a discretely presented component unit of the California State University, and the related notes to the financial statements as of and for the year ended June 30, 2019 and 2018, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial positions, changes in financial positions, and, where applicable, cash flows thereof in accordance with U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of September 30, 2019, the following representations made to you during your audits:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 26, 2019 for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence; and

- d. All minutes of the meetings of Board of Directors and Executive Committee, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
3. Except as disclosed to you in writing, there have been no communications from regulatory agencies, governmental representatives, employees or others concerning noncompliance with laws and regulations in any jurisdiction, or deficiencies in financial reporting practices or other matters that could have a material adverse effect on the financial statements.
4. There are no known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. There are no side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
9. We have disclosed to you all known actual or litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
10. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term "fraud" is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
11. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Authority's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.

12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud affecting the Authority involving:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators, or others.
16. We have no knowledge of any officer or Board Member of the Authority, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
17. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
18. We have disclosed to you the identity of our related parties and all the related party relationships and transactions of which we are aware.
19. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions of which we are aware, in accordance with U.S. generally accepted accounting principles, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments, and amounts receivable from or payable to related parties. The term "related party" refers to government's related organizations, joint ventures, and jointly governed organizations, as defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended; elected and appointed officials of the government; its management; members of the immediate families of elected or appointed officials of the government and its management; and other parties with which the government may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent than one or more of the transacting parties might be prevented from fully pursuing its own separate interests.
 - b. The existence of and transactions with joint ventures and other related organizations.

20. The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
21. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Authority's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
22. We acknowledge our responsibility for the presentation of the required supplementary information which includes, management's discussion and analysis and the schedule of claims development information (Schedule 14), in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
 - a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.
 - b. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period.
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information are reasonable and appropriate.
23. We acknowledge our responsibility for the presentation of the required supplementary information, which includes the information in Schedules 1 through 13, in accordance with the applicable criteria and:
 - a. Believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria;
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period; and
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.
24. The significant assumptions used in our fair value measurement and or disclosures are reasonable and appropriately reflect our intent and ability to carry our specific courses of

action on behalf of the entity, where relevant to the fair value measurement and or disclosure.

25. We agree with the findings of specialists in evaluating the valuation of claims reserve and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the basic financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amount derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Respectfully,

California State University Risk Management Authority

A handwritten signature in blue ink, appearing to read "Robert Eaton", written over a horizontal line.

Robert Eaton

*Treasurer
CSU Risk Management Authority*

A handwritten signature in blue ink, appearing to read "Mary Ek", written over a horizontal line.

Mary Ek

*Assistant Vice Chancellor/Controller, Finance Services
CSU Chancellor's Office*

LIABILITY PROGRAM MEMORANDA OF COVERAGE

ISSUE: On September 6, 2019, the Executive Committee reviewed proposed amendments to the Liability Memorandums of Coverage (*MOCs*) for the Campus Liability risk pool and excess reinsurance. General Counsel commented “Damages” as defined in the MOC is extremely broad as currently written from which a demand for reimbursement of attorney’s fees itself may trigger coverage. Further, coverage for emotional distress without bodily injury may be covered as presently written. The Executive Committee directed staff to review with Robin Webb and Byrne Conley. Staff arranged a teleconference with Ms. Webb and Mr. Conley on September 26, 2019. Mr. Conley edited the MOC in accordance with the discussion with Ms. Webb, and is presented herein for approval.

RECOMMENDATION: The Executive Committee is asked to approve the edits to the Liability MOC as attached, becoming effective July 1, 2020, and to confirm acceptance of the changes by the reinsurers.

FISCAL IMPACT: There is no cost expected from the recommended action at today’s meeting.

BACKGROUND: None.

PUBLICATION: The Memorandums of Coverage will be delivered to the members following renewal of the programs.

ATTACHMENT(S):

- a. DRAFT Campus Liability MOC



**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY
MEMORANDUM OF LIABILITY COVERAGE**

DECLARATIONS

Item 1: Named Covered Party:

- California State University Risk Management Authority (CSURMA)
- The State of California as respects the Trustees of the California State University
- The California State University (CSU)
- All campuses of the CSU as listed in Item 4

Item 2: Coverage Period:

July 1, 2019~~20~~ to July 1, ~~2020~~2021 at 12:01AM

Item 3: Limits of Liability:

\$5,000,000	Ultimate Net Loss - Each Occurrence or Wrongful Act
-------------	--

Sublimits of Liability (provided by Campus Liability Risk Pool):

\$5,000,000	Medical Malpractice (for Medical Doctors and the Student Health Centers)
\$1,000,000	Funds, Grants or Appropriations (defense only)
\$1,000,000	Land Use (defense only)
\$1,000,000	Nuclear Materials (limited coverage)
\$5,000,000	Automobile Liability (excess) – non-salaried drivers only; e.g., student volunteers

Item 4: Member Deductibles:

\$0	The State of California as respects the Trustees of the California State University
\$0	California State University Risk Management Authority (CSURMA)
\$35,000	California State University, Bakersfield
\$35,000	California State University, Channel Islands
\$250,000	California State University, Chico
\$100,000	California State University, Dominguez Hills
\$750,000	California State University, East Bay
\$100,000	California State University, Fresno
\$250,000	California State University, Fullerton
\$250,000	Humboldt State University
\$250,000	California State University, Long Beach
\$250,000	California State University, Los Angeles
\$50,000	California State University Maritime Academy



\$35,000	California State University, Monterey Bay
\$750,000	California State University, Northridge
\$250,000	California State Polytechnic University, Pomona
\$500,000	California State University, Sacramento
\$50,000	California State University, San Bernardino
\$900,000	San Diego State University
\$250,000	San Francisco State University
\$750,000	San Jose State University
\$250,000	California Polytechnic State University, San Luis Obispo
\$50,000	California State University, San Marcos
\$50,000	Sonoma State University
\$35,000	California State University, Stanislaus
\$100,000	California State University, Chancellor's Office

Item 5: Liability Claims Administrator:

The California State University
 Office of Systemwide Risk Management
 Attn: Director of Systemwide Risk Management
 562-951-4568 – Direct
 562-951-4859 – Fax
zgifford@calstate.edu – email

 Authorized Signature



CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY Campus Liability Coverage Program Memorandum of Coverage

Various provisions in this Memorandum restrict coverage. Read the entire Memorandum carefully to determine Member rights, duties and what is and is not covered.

Throughout this Memorandum, words and phrases that appear in **boldface** type have special meanings. They are defined in SECTION I – DEFINITIONS and/or with respect to Covered Parties in SECTION IV – COVERED PARTIES.

The California State University Risk Management Authority (hereinafter called CSURMA) is an intergovernmental agency, risk sharing, joint powers authority, duly formed pursuant to California Government Code Sections 6500 *et seq.*

This Memorandum does not provide insurance, but instead provides for pooled self-insurance. This Memorandum is a negotiated agreement among the **Members** of the CSURMA, and none of the parties to the document are entitled to rely on any contract interpretation principles which require interpretation of ambiguous language against the drafter of such agreement. This document shall be applied according to the principles of contract law, giving full effect to the intent of the **Members** of the CSURMA, acting through the Board of Directors in adopting this document. As the CSURMA is not an insurer, it has no obligation to issue reservation of rights letters, nor does it have an obligation to provide “*Cumis*” counsel to a **Covered Party** in disputed coverage situations under Civil Code 2860. Finally, failure to provide notice to a **Covered Party** of any coverage dispute shall not operate to waive any of the provisions of this document.

SECTION I – COVERAGES

Subject to the **Member’s Deductible(s)**, CSURMA agrees:

To pay on behalf of the **Member** those sums for **Ultimate Net Loss** in excess of the **Member’s Deductible(s)** which the **Member** becomes obligated to pay as **Damages**;

1. By reason of liability assumed by the **Member** by contract because of **Bodily Injury** or **Property Damage, Personal Injury, Errors and Omissions, Employee Benefits Liability, Employment Practices Liability** or **Media Wrongful Acts** arising from operations of the **Member** to which this Memorandum applies, caused by an **Occurrence** or **Wrongful Act**, or
2. By reason of liability imposed by law because of **Bodily Injury, Property Damage, Personal Injury, Errors and Omissions, Employment Practices Liability** or **Media Wrongful Acts** arising from operations of the **Member** to which this Memorandum applies, caused by an **Occurrence** or **Wrongful Act**.
3. By reason of liability imposed by law because of **Employee Benefits Liability** claims made during the **Coverage Period** to which this Memorandum applies, caused by an **Occurrence** or **Wrongful Act**.



SECTION II - DEFINITIONS

- 1. **Additional Covered Party** means any person(s), entity(ies) or organization(s) to whom the **Member** is obligated by virtue of a written contract to provide coverage solely with respect to **bodily injury, property damage and personal injury** arising out of and during the **Member's** operations or premises owned, rented or used by the **Member**; and

For which a certificate of coverage has been issued to such person(s); entity(ies) or organization(s) and is on file with CSURMA evidencing their status as an **additional covered party** under this coverage.

The limit and scope of coverage afforded to the **Additional Covered Party** shall be no broader than that which is required by such contract and shall in no event be broader than the coverage afforded by this Memorandum.

The coverage does not extend, either with respects to defense or indemnity, to the sole negligence or to the willful misconduct of any **Additional Covered Party**.

- 2. **Administration**, with respect to **Employee Benefits Liability**, means:
 - A. Providing information to **Employees**, including their dependents and beneficiaries, with respect to eligibility for or scope of **Employee Benefit Programs**;
 - B. Handling records in connection with the **Employee Benefit Program**; or
 - C. Effecting, continuing or terminating any **Employees'** participation in any benefit included in the **Employee Benefit Program**.

However, **Administration** does not include handling payroll deductions.

- 3. **Aircraft** means a vehicle designed for the transport of persons or property principally in the air.
- 4. **Automobile** means a licensed land motor vehicle or semi-trailer designed for travel on public roads, including any attached machinery, trailer or equipment.
- 5. **Bodily Injury** means **Bodily Injury**, sickness, disease or death, including but not limited to shock, mental anguish, mental injury and humiliation sustained by any person that occurs during the **Coverage Period**. **Bodily Injury** includes **Damages** claimed by any person or organization for care, loss of services or death resulting at any time from the **Bodily Injury**.

- 6. **Claim** means:
 - ~~A. A written demand to a **Member** for payment of **Damages** received by the CSURMA Secretary Auditor or by the chief executive, risk manager, or general counsel of a **Member**; and/or~~
 - B.A. A civil proceeding against a **Member** in which **Damages** are sought on account of
 - 1) **Bodily Injury or Property Damage,**

Commented [A1]: This is circular. A "Claim" means a demand to a Member for payment of Damages; and "Damages" means compensation the Member is required to pay as a result of a Claim.



- 2) **Personal Injury,**
- 3) **Errors and Omissions,**
- 4) **Employee Benefits Liability,**
- 5) **Employment Practices Liability, or**
- 6) **Media Wrongful Acts,**

arising from an **Occurrence** or a **Wrongful Act** for which this coverage may apply, including an arbitration or other alternative dispute resolution proceeding in which monetary **Damages** are sought and to which the **Member** must or does submit with our written consent.

- 7. **Completed Operations Hazard** includes **Bodily Injury** and **Property Damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs after such operations have been completed or abandoned, and occurs away from premises owned by or rented to the **Member**. Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following time:
 - A. When all operations to be performed by or on behalf of the **Additional Covered Party** at the site of the operations have been completed.
 - B. When all operations to be performed by or on behalf of the **Additional Covered Party** under the contract have been completed; or
 - C. When the portion of the work out of which the injury or **Damages** arise has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete shall be deemed completed. The **Completed Operations Hazard** does not include **Personal Injury** or **Property Damage** arising out of:

- A. Operations in connection with the transportation of property unless the **Personal Injury** or **Property Damage** arises out of a condition in or on a vehicle created by the loading or unloading of that vehicle by any **Member**; or
 - B. The existence of tools, uninstalled equipment or abandoned or unused materials.
- 8. **Coverage Period** means the period of coverage provided under this Memorandum as shown on the Declarations Page.
 - 9. **Covered Individual(s)** means persons who are past or present elected or appointed officials, **Employees**, whether or not compensated, or authorized volunteers of the **Member**, while acting within the scope of their duties, office or employment for or on behalf of the **Member**, including while acting on outside boards at the direction of the **Member**. **Covered Individuals** do not include **Employees** of nonmember organizations, including, but not limited to alumni associations and volunteer university support groups.
 - 10. **Dam** means any artificial barrier together with appurtenant works which:

- A. Is twenty-five feet (25) or more in height from the foot of a natural bed of stream or watercourse at the downstream toe of the barrier or from the lowest elevation of the outside limit of the barrier, if it is not across a stream, channel or watercourse, to the maximum possible water storage elevation; or
- B. Has water impounding capacity of fifty (50) acre feet or more.

Except, any such barrier which is not in excess of twenty-five (25) feet in height regardless of storage capacity, or which has a storage capacity not in excess of fifteen (15) acre feet regardless of height, shall not be considered a **Dam**; and, no structure specifically exempted from jurisdiction by the applicable state agency overseeing **Dams** shall be considered a **Dam**, unless such structure is under the jurisdiction of any agency of the federal government.

- 11. **Damages** means compensation in money which a **Covered Party** is legally obligated to pay as a result of a **Claim**. ~~Damages include: (1) attorney fees not based on any contract awarded against the Covered Party attributable to a claim for compensatory damages covered by this Memorandum, (2) pre judgment interest and interest on judgments, or (3) costs, for which the Covered Party is liable either by adjudication or by compromise with the prior written consent of CSURMA, if the fees, interest or costs arise from an Occurrence or Wrongful Act to which this coverage applies.~~

Commented [A2]: There is no definition for "Covered Party." There is "Additional Covered Party" and there is "Covered Individual(s)."

Damages shall not include those sums determined to be owed by a **Covered Party** as contract **Damages**, including, but not limited to retroactive or prospective benefits, severance payments, or any **Damages** determined to be owed for breach of an express contract of employment or under an express obligation to make payments in the event of termination of employment. **Damages shall also not include any wages, salary or benefits owed for work actually performed.**

Commented [A3]: Suggest removal of this and instead make attorneys' fees part of what is covered when CSURMA defends, Section III.3.B. Interest and costs are already in that Section III.3.B.

Damages with respect to Employment Practices Liability shall not include amounts awarded under a labor grievance or arbitration pursuant to a collective bargaining agreement.

Damages shall not include sums paid pursuant to any judgment or agreement, whether injunctive or otherwise, to undertake actions to correct past discriminatory or unlawful conduct or to establish practices or procedures designed to eliminate or prevent future discriminatory or other unlawful conduct, or any non-monetary relief.

Damages shall not include fines, penalties, sanctions, taxes or fees assessed against any **Covered Party**.

- 12. **Deductible** means the amount of each **Ultimate Net Loss** which the Member has to pay irrespective of the amount of the **Ultimate Net Loss** as shown on the Declarations page of this document.
- 13. **Discrimination**, as respects **Employment Practices Liability**, means the actual or alleged failure to employ, failure to promote, or the demotion, transfer, suspension, or termination of any **Employee** because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy. **Discrimination**, other than as respects **Employment Practices Liability**, means **Bodily Injury**, **Personal Injury** and/or **Errors and Omissions** arising from alleged acts, errors or omissions showing favor, prejudice or bias for or against a person because of race, color, creed, national origin, sex, sexual orientation or preference, religion, age, gender, disability or handicap or pregnancy.

- 14. **Employee** means:



- A. Any person who has an assigned work schedule for the **Member** and is on the **Member's** regular payroll; and
- B. Any person who is leased to the **Member** through a staffing or temporary agency and is working for the **Member** under the **Member's** supervision, including a **Leased Worker**.
- C. **Employee** does not include independent contractors.
- D. As respects **Employment Practices Liability** and **Employee Benefits Liability** and when appearing in boldface type in this Memorandum, means any present or former **Employee** of the **Member**; and
- E. Solely as respects **Employment Practices Liability** arising from alleged **Discrimination** with respect to negligent hiring, only, **Employee** includes an applicant for employment.
- F. Solely as respects **Employment Practices Liability**, independent contractors and/or persons working on retainer, while acting for or on behalf of the Member.

An **Employee's** status as a **Covered Party** will be determined as of the date of the **Occurrence** or **Wrongful Act** upon which a **Claim** involving the **Employee** is based.

- 15. **Employee Benefits Liability** means liability for actual or alleged Errors and Omissions in the Administration of a Member's Employee Benefit Program.
- 16. **Employee Benefits Program** means a program providing some or all of the following benefits to Employees:
 - A. Group life insurance, group accident or health insurance, dental, vision and hearing plans, and flexible spending accounts;
 - B. Profit sharing plans, Employee savings plans, Employee stock ownership plans, pension plans, and stock subscription plans; and
 - C. Unemployment insurance, social security benefits, workers' compensation, and disability benefits.
- 17. **Employment Practices Liability** means any circumstance relating to a past, present or prospective **Employee** of the **Member** (and the child, parent, brother or sister of that person) as a consequence of the following **Wrongful Acts** or alleged **Wrongful Acts**: wrongful dismissal, discharge, or termination, either actual or constructive, of employment; employment related misrepresentation; retaliation; wrongful failure or refusal to employ or promote; wrongful deprivation of career opportunity or reassignment; wrongful discipline; failure to grant tenure or negligent **Employee** evaluation; **Sexual or Workplace Harassment** or humiliation of any kind, including, but not limited to, the alleged operation of a harassing workplace environment; negligence resulting in **Damages** to a person that is a whistle-blower; unlawful **Discrimination**, whether direct, indirect, intentional or unintentional; failure to provide adequate **Employee** policies and procedures. **Employment Practices Liability** shall include actions brought under state, local, or federal law, whether common or statutory, and shall include, but not be limited to allegations of violations of the following federal laws, as amended, including regulations promulgated thereunder:
 - A. Americans With Disabilities Act of 1992 (ADA)
 - B. Civil Rights Act of 1991



- C. Age **Discrimination** Empowerment Act of 1967 (ADEA), including the Older Workers Benefit Protection Act of 1990
 - D. Title VII of the Civil Rights Law of 1964, as amended (1983), including the **Pregnancy Discrimination** Act of 1978;
 - E. Civil Rights Act of 1866, Section 1981; and
 - F. Fifth and Fourteenth Amendments of the U.S. Constitution.
18. **Errors and Omissions** means a **Wrongful Act** by **Covered Individuals** individually or collectively in the discharge of their duties for the **Member**, or any matter claimed against them solely by reason of their being or having been public officials.
19. **Land Subsidence** means the movement of land or earth, including, but not limited to, sinking or settling of land, earth movement, earth expansion, and/or contraction, landslide, slipping, falling away, caving in, eroding, earth sinking, and earth rising or shifting or tilting.
20. **Leased Worker** means any **Employee** who is under contract to the **Member** while performing duties defined under the contract with the Member.
21. **Loss Adjustment Expense** means all costs and expenses incurred by the **Member** in connection with the investigation, appraisal, negotiation, adjustment, settlement, litigation, defense or appeal of a specific **Claim** or loss covered hereunder, including but not limited to CSURMA approved defense attorney fees, court costs, costs of supersedes and appeal bonds, monitoring counsel expenses, ~~post judgment interest, pre judgment interest (unless included as part of an award), subrogation, salvage and recovery expense, costs and expenses in connection with coverage questions and legal actions and other associated costs and expenses.~~ **Loss Adjustment Expense** shall include any allocated **Claims** expenses, salaries or overhead incurred by attorneys who are **Employees** of the California State University's Office of General Counsel. However, such expenses shall be limited at \$250 per hour. **Loss Adjustment Expense** shall also include fees and expenses of outside adjusters and others associated with specific **Claims**, but excluding any **Loss Adjustment Expense** and fees paid that are not allocable to a specific **Claim**. **Loss Adjustment Expense** does not include salaries and expense of **Member's Employees** except as provided above, as well as office and other overhead expenses.
- Additionally, CSURMA may exercise the right to require that such counsel have certain minimum qualifications with respect to their competency including experience in defending **Claims** similar to the one against the **Member** and to require that independent counsel have errors and omissions coverage. The **Member** agrees to instruct counsel, whether independent or in-house, to respond to CSURMA request(s) for information regarding the **Claim** in a timely manner.
22. **Media Wrongful Act** means any error or omission arising out of the gathering, recording, collection, writing, editing, advertising, publication, dissemination, exhibition, broadcast, display on an internet site, or release, including but not limited to any actual or alleged:
- A. Invasion or infringement of the right of privacy or publicity, including the torts of intrusion upon seclusion, publication of private facts, false light, or misappropriation of name or likeness;
 - B. Wrongful entry or eviction, trespass, eavesdropping, or other invasion of the right of private occupancy;



- C. Libel, slander, disparagement, or publicity, false light, public disclosure or private facts, appropriation of name, persona or likeness, or any other form of defamation or harm to the character or reputation of any person or entity;
 - D. Outrage, infliction of emotional distress or prima facie tort;
 - E. Infringement or dilution of trademark, trade name, trade dress, title, slogan, service mark or service name, domain name, deep linking or framing, including unfair competition in connection with such conduct;
 - F. Copyright infringement, plagiarism, piracy, breach of implied contract, or misappropriation of property rights, information or ideas;
 - G. Breach of a promise of confidentiality or anonymity;
 - H. Error or omission in content;
 - I. Unfair competition or conspiracy, but only when the allegation of unfair competition or conspiracy is based entirely upon one or more Media Wrongful Acts falling within sections A-H above;
 - J. Breach of an indemnification or hold harmless agreement relating to **Claims** arising out of the media, but only when such **Claims** allege a **Media Wrongful Act** falling within sections 1-9 above; solely when committed or allegedly committed by a **Covered Party** in is, her or its capacity as such and in connection with the creation or dissemination of media, or in connection with the creation or dissemination of advertising materials relating to media.
23. **Member** means the **Member** named on the Declarations Page.
24. **Mold(s)** means any fungus or mycota or any byproduct or type of infestation produced by such fungus or mycota, including but not limited to mold, mildew, mycotoxins, spores, bacterial pathogens, or any biogenic aerosols to include, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produces **Molds**.
25. **Occurrence** means an accident, act, error, offense, omission or event **Media Wrongful Act** or **Wrongful Act** during the **Coverage Period**, including continuous or repeated exposure, which results in damages, neither expected nor intended by the **Member**. An **Occurrence** taking place over more than one **Coverage Period** shall be deemed to have taken place during the **Coverage Period** when the **Occurrence** ended and shall be treated as a single **Occurrence** in that **Coverage Period**.
26. **Personal Injury** means any of the following offenses:
- A. False arrest, detention or imprisonment, or malicious prosecution;
 - ~~B. Shock, mental anguish, mental injury, or humiliation~~
 - ~~C.B.~~ Publication or utterance of a libel or slander or of other defamatory or derogatory material, or a publication or utterance in violation of an individual's right of privacy;
 - ~~D.C.~~ Wrongful entry or eviction or other invasion of the right of private occupancy;



- E-D. **Discrimination** or violation of civil rights other than **Employment Practices Liability**, not intentionally committed by or at the direction of the **Member**; and
- F-E. Assault and battery not committed by or at the direction of, or with consent of the **Member**. However, this does not apply if committed or directed for the purpose of protecting persons from injury or death, or property from damage.
27. **Pollutant** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and **Waste**. **Waste** includes materials, which are intended to be or have been recycled, reconditioned or reclaimed. The term **Pollutant** as used herein is not defined to mean potable water or agricultural water or water furnished to commercial users. Pollutants includes any material defined as hazardous in Sections 66261.10 through 66261.126 of Title 22 of the California Code of Regulations.
28. **Products Hazard** includes **Bodily Injury** and **Property Damage** arising out of **your** products or reliance upon a representation or warranty with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs away from premises owned by or rented to **you** and after physical possession of **your** product (s) has been relinquished to others.
29. **Property Damage** means:
- A. Physical injury to or destruction of tangible property which occurs during the Coverage Period, including the loss of use thereof at any time resulting therefrom;
 - B. Loss of use of tangible property, which has not been physically injured or destroyed, provided such loss of use is caused by an Occurrence or Wrongful Act during the Coverage Period.
30. **Sexual or Workplace Harassment** shall mean any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature, of a person by another person, or person acting in concert, which causes physical and/or mental injuries. **Sexual or Workplace Harassment** also includes the above conduct when:
- A. Submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment, or a basis for employment decisions affecting a person; or
 - B. Such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.
- Sexual or Workplace Harassment** does NOT include **Sexual Misconduct** as defined in this Memorandum.
31. **Sexual Misconduct** means:
- A. The actual, attempted or alleged abuse or molestation of a person by another person, or persons acting in concert which causes physical and/or mental injuries. Sexual molestation includes: sexual abuse, sexual assault, sexual exploitation or sexual injury; or
 - B. The negligent employment, investigation, supervision, reporting to the proper authorities or failure to report the above of a Covered Person.



32. **Territory** means an **Occurrence** or a **Wrongful Act** that takes place during the **Coverage Period** anywhere in the world, as well as **Claims** brought anywhere in the world.
33. **Ultimate Net Loss** means the amount of paid **Claims** liability for **Damages** for which the **Member** is liable on a per **Occurrence** or **Wrongful Act** basis, either by (1) adjudication, or (2) compromise with the prior written consent of CSURMA, and which the **Member** actually pays in cash, after making proper deduction for all recoveries and salvages collectible. **Ultimate Net Loss** ~~includes defense attorney fees and costs of the Member in defense of the Claim and also includes court costs, Loss Adjustment Expenses, and other associated costs and expenses, but does not include any salaries of the Member's regular Employees. Ultimate Net Loss includes retrospective benefit ("back wages"), but does not include prospective benefits ("forward wages"), payable as part of a Claims for Employment Practices Liability covered under this Memorandum.~~ **Ultimate Net Loss** shall not include any of the above-described expenses for **Damages** against a **Member** or defense expenses incurred because of liability excluded by this Memorandum.
34. **Wrongful Act** means any actual or alleged error, misstatement, omission, negligent act, or breach of duty, including misfeasance and nonfeasance by covered individuals individually or collectively in the discharge of their duties for the **Member**, or any matter claimed against them solely by reason of their being or having been public officials.
35. **Wrongful Termination** means the actual, alleged or constructive termination of an employment relationship between an **Employee** and a **Member** in a manner and/or a reason which is contrary to applicable law.
36. The following definitions are applicable only to **Exclusion 15 – Nuclear Material**:
- A. **Hazardous Properties** include radioactive, toxic or explosive properties;
 - B. **Nuclear Material** means source material, special **Nuclear Material** or byproduct material;
 - C. Source material, special **Nuclear Material** and byproduct material have the meaning given in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - D. **Spent Fuel** means fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **Nuclear Reactor**;
 - E. **Waste** means any **Waste** material, (a) containing a byproduct material and (b) resulting from the operation by any person or organization of any **Nuclear Facility** included within the definition of **Nuclear Facility** under paragraph a. or b. thereof;
 - F. **Nuclear Facility** means:
 - 1) Any **Nuclear Reactor**;
 - 2) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing **Spent Fuel**, or (3) handling, processing or packaging **Waste**;
 - 3) Any equipment or device used for the processing, fabricating or alloying of special **Nuclear Material** if at any time the total amount of such material in the custody of the **Member** at the premises where such equipment or device is located consists of or contains more than 25 grams plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or



- 4) Any structure, basin, excavation site premises or place prepared or used for the storage or disposal of **Waste** and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

G. **Nuclear Reactor** means any apparatus designed or used to sustain nuclear fission in a supporting chain reaction or to contain a critical mass of fissionable material.

With respect to injury to or destruction of property, the word injury or destruction includes all forms of radioactive contamination of property.

SECTION III - DEFENSE AND SETTLEMENT

1. CSURMA has the right and duty to defend any **Claim** or **Suit** against the **Member** seeking **Damages** arising out of any **Occurrence** or **Wrongful Act** to which this coverage applies even if the **Claim** or **Suit** is groundless, false or fraudulent when the **Deductible** has been exhausted by the payment of **Damages** including **Loss Adjustment Expenses** to which this coverage applies and provided further that no insurer has a duty to defend or is defending such **Claim**.
2. CSURMA has no duty to defend the **Member** against any **Claim** or **Suit** seeking **Damages** arising out of any **Occurrence** or **Wrongful Act** to which this coverage does not apply.
3. When CSURMA assumes the defense of any **Claim** or **Suit** on the Member's behalf, CSURMA will:
 - A. Investigate, negotiate and settle the **Claim** or suit as CSURMA may deem expedient; and
 - B. Pay the following to the extent that they are not covered by any other coverage:
 - 1) Premiums on bonds to release attachments for amounts not exceeding our Limits of Coverage, but CSURMA is not obligated to apply for or furnish any such bond;
 - 2) Premiums on appeal bonds required by law to appeal any **Claim** or suit which CSURMA defends, but CSURMA is not obligated to apply for or furnish any such bond;
 - 3) All reasonable costs taxed against the **Member** in any **Claim** or suit that CSURMA defends;
 - 4) Pre-judgment interest awarded against the **Member** on that part of the judgment CSURMA pays. If CSURMA makes an offer to pay the applicable Limit(s) of Liability, then CSURMA will not pay any pre-judgment interest accrued for that period of time after the offer;
 - 5) All interest that accrues after entry of judgment and before CSURMA has paid, offered to pay or deposited in court the part of the judgment that is within



CSURMA's applicable Limit(s) of Liability; or

6) Reasonable Member expenses incurred with CSURMA's consent or at CSURMA's request.

6.7) Attorney fees awarded against the Member and Additional Covered Party, provided the fees are attributable to a claim for compensatory damages covered by the Memorandum and not based on any contract.

Commented [A4]: This would bring attorney fees under CSURMA's obligation to pay, but only where it is defending and only where attributable to a covered claim.

4. CSURMA will not defend any Claim or Suit after our applicable Limit(s) of Liability has been exhausted by payments of judgments or settlements including Loss Adjustment Expenses.

5. Except as provided in Paragraph A above, CSURMA will have no duty to defend any Claim or Suit against the Member. We will, however, have the right, but not the duty, to participate in the defense of any Suit and the investigation of any Claim to which this Memorandum may apply, and the Member shall cooperate fully with us in such participation. If CSURMA chooses to exercise this right, CSURMA will do so at CSURMA's own expense.

6. All expenses CSURMA may incur in the defense of any Claim or Suit are included in the Limit of Liability and are not paid in addition to the Limit of Liability.

6.7. If CSURMA assumes the control of the handling of a claim, the Member shall be obligated to pay at the direction of CSURMA any sum necessary for the settlement of a claim, or to satisfy liability imposed by law, up to the applicable Deductible.

SECTION IV - LIMITATIONS UPON CSURMA'S LIABILITY

Regardless of the number of (1) persons or entities covered under this Memorandum, or (2) persons or organizations who sustain injury or damage, or (3) Claims made or suits brought because of injury or damage, the CSURMA's liability for Damages is limited as follows:

The CSURMA's liability for Damages shall be only for the Ultimate Net Loss less the Member's Deductible(s) not to exceed the Limits of Liability shown in the Declarations, as the result of any one Occurrence or Wrongful Act or the amount shown in the Declarations because of all Occurrences for any one Member during each Coverage Period. There is no limit to the number of Occurrences or Wrongful Acts during the Coverage Period for which Claims may be made.

The Member's Deductible(s) as shown in the Declarations applies to each such Occurrence or Wrongful Act without regard to exclusions, limitations or exhaustion of aggregate limits in underlying or contributing coverage, insolvency of any insurance carrier or insurance pool, or any circumstances wherein underlying or contributing coverage is uncollectible.

~~For the purpose of determining the CSURMA Limit of Liability and the Member's Deductible(s), all Damages arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one Occurrence or Wrongful Act.~~

This Memorandum applies to Occurrences or Wrongful Acts, which take place anywhere in the world during the specified Coverage Period stated in the Declarations of this Memorandum.



The term **Covered Party** is used severally and not collectively. The Limit of Liability and **Member's Deductible(s)** as stated in the Declarations apply separately to each **Covered Party**. In the event of an **Occurrence** for which more than one **Covered Party** is or may be held liable, one **Member** Deductible and one Limit of Liability coverage will apply to all Covered Parties. CSURMA's liability for all **Covered Parties** shall not exceed the Limit of Liability set forth in Declarations. An **Occurrence** or **Wrongful Act** involving more than one **Member** shall be treated as a single **Occurrence** or **Wrongful Act**, and a single Limit of Liability and a single **Member's Deductible(s)** will apply to the **Occurrence** or **Wrongful Act**.

For the purpose of determining the CSURMA Limit of Liability and the Member's Deductible(s), all Damages arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one Occurrence or Wrongful Act. An **Occurrence** or **Wrongful Act** with a duration of more than one **Coverage Period** shall be treated as a single **Occurrence** or **Wrongful Act** arising during the **Coverage Period** when the **Occurrence** or **Wrongful Act** ends, and under no circumstances shall the fact that said **Occurrence** or **Wrongful Act** have a duration of more than one **Coverage Period** entitle a **Covered Party** to more than one Limit of Liability or to coverage under more than one Memorandum.

Bodily Injury or **Personal Injury** damages resulting from **Sexual Misconduct** will be deemed to have occurred at the time of the last **Sexual Misconduct** and all such **Bodily Injury** or **Personal Injury** will be deemed to be a single occurrence whether committed by the same perpetrator or two or more perpetrators acting in concert and without regard to the number of (1) incidents of **Sexual Misconduct** taking place thereafter, (2) victims of **Sexual Misconduct**, or (3) locations where the **Sexual Misconduct** took place. Only the Memorandum of Coverage in effect during which such **Sexual Misconduct** last occurred will apply to such single **Occurrence** of **Sexual Misconduct**. Coverage does not apply to any **Covered Party** who is found by a court of law to have committed a criminal act of **Sexual Misconduct**.

SECTION V - COVERED PARTIES

The parties covered by the CSURMA:

1. The **Member**.
2. The following individually and collectively, when acting solely within the scope of their duties, office, or employment for the **Member**:
 - A. Governing Board.
 - B. Officers.
 - C. **Employees**.
 - D. Non-compensated individuals, while acting for or on behalf of the **Member**. This includes individuals appointed and acting as volunteers. Volunteers include students who are enrolled in community service programs, but only while such students are performing services for credit that are valid for the student to meet the university's requirements for college graduation.
3. **Additional Covered Parties** as defined in Section II, 1. of this document.
4. **Covered Individuals** as defined in Section II, 9. of this document.



SECTION VI – EXCLUSIONS

This Memorandum shall not apply to, and CSURMA shall not be obligated to make any payment or defend any lawsuit in connection with any **Claim** or liability or **Damages**, with respect to:

1. Aircraft

The ownership, maintenance, loading or unloading, use or operation of any **Aircraft** capable of flight. This exclusion does not apply to static **Aircraft**.

2. Assault and Battery

Arising out of assault and battery, except for assault and battery committed by or directed for the purpose of protecting persons or property or where same are not committed by or at the direction of the **Member**.

3. Automobile

For any liability arising out of the use or entrustment to others of any **Automobile** owned or operated by or rented or loaned to any **Member**, but this exclusion does not apply to parking an **Automobile** on or on the ways next to premises the **Member** owns or rents, provided the **Automobile** is not owned by or rented or loaned to the **Member**.

4. Automobile Physical Damage

For any liability for damages to or destruction of any **Automobile** owned by, rented to, leased to or in charge of the **Member**.

5. Aviation Activities

The ownership, maintenance, loading or unloading, use or operation of any:

A. **Aircraft**

B. Airfields;

C. Runways;

D. Hangars; or

E. Buildings of other properties in connection with aviation activities.

F. Liability for **Damages** arising out of in-flight operations of **Aircraft** by or in the interest of the **Covered Party** except with respect to operations performed by scheduled common carriers or operations of **Aircraft** owned or operated by the United States government or the State of California. The term in-flight as used in the foregoing means the period of time the **Aircraft** moves forward in taking off or in an attempt to take off until it has completed its landing run.

This exclusion shall not apply, however, to those areas open to the public for the purpose of entering, leaving, or using the airport facilities (including parking lots and garages).



This exclusion shall not apply, however, to the maintenance and operations of permanently stationary **Aircraft** used for instructional purposes only.

6. Bid Specifications / Cost Overruns

Claims arising out of:

- A. Estimates of probable cost or cost estimates being exceeded or faulty preparation of bid specifications or plans including architectural plans.
- B. Mechanic's lien claims, stop notice claims, change order claims, or similar claims by contractors for the value of services or materials provided; this exclusion extends to such claims however denominated, including claims of breach of oral or written contract, third-party beneficiary claims, quantum meruit claims, and/or open count claims.

6-7. Bodily Injury

To **Bodily Injury** to any of the **Member's Employees** arising out of and in the course of employment by the **Member**, but this exclusion does not apply to Workers' Compensation Coverage B, Employers Liability, or Stop Gap Liability, as defined by the National Council on Workers' Compensation Insurance, or Employment Practices Liability.

With respect to **Employment Practices Liability, Bodily Injury**, to any **Employee** of the **Member** arising out of and in the course of his/her employment by any **Member**; but this exclusion does not apply to liability assumed by any **Member** under any written contract.

7-8. CSU Managed Construction Projects

For any liability for damages assumed by the **Covered Parties** under any construction project contracts managed by the Chancellor's Office of the California State University or managed by a campus of the California State University, or both. However, CSURMA shall defend any actions or suits brought against any Member for such causes of action.

8-9. Contractual Obligations

The actual or alleged failure to perform or breach of any contract, agreement or other guarantee or promise, except this exclusion does not apply to any employment related contracts as provided under **Employment Practices Liability**. This exclusion does not apply to liability for **Damages** that the **Member** would have in the absence of the contract or agreement, or contractually assumed liability arising from the Member's operations; however, the agreement must arise out of or be incidental to the Member's operations and must be in place before the Occurrence and does not extend to professional liability of engineers.

10. Eminent Domain, Condemnation Proceedings or Inverse Condemnation

The Claims for loss or Damage or any liability arising out of or in connection with the principles of eminent domain, condemnation proceedings or inverse condemnation, or by whatever name used whether such Claims are made directly against you or by virtue of any agreement entered into, by or on your behalf.

9-11. Employee Benefits Liability

- A. Arising out of an insufficiency of funds to meet any obligations under any plan included in the Employee Benefits Program



- B. Failure of any investment to perform;
- C. Errors in providing information on past performance of investment vehicles; or
- D. Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the Employee Benefits Program.
- E. For any **Employee Benefits Liability Claim** for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the **Covered Party**, from the applicable funds accrued or other collectible insurance.
- F. For taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

~~10-12.~~ Funds, Grants or Appropriations

For the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations for the return of such funds, grants, or appropriations for any reason. However, CSURMA will defend any action or suits brought against any **Covered Party** for the actual or alleged use, misuse, mismanagement or loss of funds, grants, or appropriations or for the return of such funds, grants or appropriations for such causes of action, unless their alleged conduct was outside the scope of employment.

~~11-13.~~ Intentional Conduct

- A. For any liability based on the **Member's** obtaining of financial gain to which the **Member** was not legally entitled.
- B. For any liability arising out of the willful violation of a penal code or ordinance committed by or with the knowledge or consent of any **Member, Covered Individual or Additional Covered Party**; except that any act pertaining to any one **Member** shall not be imputed to any other **Member** for the purpose of determining the application of this exclusion.

~~12-14.~~ Lack of Occurrence or Wrongful Act

For injuries or **Damages** which do not arise out of an **Occurrence** or **Wrongful Act** as defined in this Memorandum;

~~13-15.~~ Land Use

To any liability for **Damages** arising from any **Claim**, suit or proceeding arising from allegations related to land use, land planning or land development. However, CSURMA shall defend the **Covered Party** up to an amount not exceeding \$1,000,000 **Ultimate Net Loss** for such liability.

This exclusion shall not apply, however, to any land use litigation where suits or **Claims** for land use litigation are a result of negligence proven on the part of a **Covered Party**. Nothing herein shall act to increase the Limits of Liability stated in the Declarations page.

16. Member vs. Member

Claims by any **Member** against its own past or present elected or appointed officials, employees or volunteers, where such claim seeks damages or restitution payable to the **Member**.

~~14-17.~~ Non-Compensatory Amounts and/or **Damages**



For any non-monetary equitable redress or form of relief other than the payment of monetary **Damages**, including but not limited to, declaratory, injunctive or administrative relief or specific performance award, or any cost to defend or cost or expense to comply with any declaratory, injunctive or administrative relief or specific performance award.

15-18. Nuclear Material

To any liability for **Damages** arising out of injury, sickness, disease, death or destruction:

- A. For any loss or liability accruing to the **Covered Party** as a Member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such Member, subscriber or association.
 - 1) It is agreed that this Memorandum does not apply under any liability coverage, to injury, sickness, disease, death or destruction, **Bodily Injury** or **Property Damage** with respect to which a **Member** under the Memorandum is also a **Covered Party** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability. The **Member** is, or had such coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- B. Resulting from the **Hazardous Properties of Nuclear Material**, if:
 - 1) The **Nuclear Material** is at any **Nuclear Facility** owned by, or operated by or on behalf of a **Member**, or has been discharged or dispersed therefrom;
 - 2) The **Nuclear Material** is contained in **Spent Fuel** or **Waste** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of a **Member**; or
 - 3) The injury, sickness, disease, death or destruction arises out of the furnishing by a **Member** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operations or use of any **Nuclear Facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this part 3 applies only to injury to or destruction of property at such **Nuclear Facility**.

However, this Exclusion shall not apply to liability arising from the use of radioactive materials in instructional laboratories operated by the **Member** and/or research activities sponsored by the **Member** or California State University.

16-19. Pollution

For any loss, cost, or expense:

- A. Arising out of, or that would not have occurred in whole or in part but for, the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants** at any time, however, wherever or whenever occurring and by whomever caused or alleged to have been caused;



- B. Arising out of any **Claim**, suit, governmental direction or request, request, demand or order, whether by or on behalf of a governmental authority or not, that any **Covered Party** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of pollution or **Pollutants**:
- 1) At any premises owned, rented or occupied by the **Covered Party**;
 - 2) At or from any site or location used by or for the **Covered Party** or others for the handling, storage, dispersal, processing or treatment of **Waste**;
 - 3) Which are at any time transported, handled, stored, treated or disposed of; or processed as **Waste** by or for the **Covered Party** or any person or organization for whom the **Covered Party** may be legally responsible; or
 - 4) At or from any site or location on which the **Covered Party** or any contractors or subcontractors working directly or indirectly on the **Covered Party's** behalf are performing operations:
 - a) If the **Pollutants** are brought on or to the site or location in connection with such operation; or
 - b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the **Pollutants**.

Subparagraph (A) and (B.1) do not apply to **Bodily Injury** ~~or~~ **Property Damage** arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one, which becomes uncontrollable or breaks out from where it was intended to be.

Provided, however, that this exclusion does not apply to:

- A. Discharge, dispersal, release or escape directly caused by hostile fire, explosion, lightning, windstorm, vandalism or malicious mischief; or
- B. ~~Personal Injury~~ **Bodily Injury** or **Property Damage** which is within the **Product Hazard** of the **Completed Operations Hazard**; or
- C. Loss or Damage caused by the collision, upset or overturn of any **Automobile**; or
- D. A discharge, dispersal, release or escape of **Pollutants** that meets all of the following conditions:
 - 1) It was accidental and was neither expected nor intended by the **Covered Party**.
 - 2) It was instantaneous and was demonstrable as having commenced at a specific time and date during the term of this coverage.
 - 3) Its commencement became known to the Risk Manager or Executive Director of the **Covered Party** within ten (10) calendar days.
 - 4) Its commencement was reported in writing within forty (40) calendar days of becoming known to the Risk Manager or Executive Director of the **Covered Party**.



- 5) Reasonable effort was expended by the **Covered Party** to terminate the situation as soon as conditions permitted.

Nothing contained in this exclusion shall operate to provide any coverage with respect to:

- A. Any site or location used by others on the **Covered Party's** behalf, principally for the handling, storage, disposal, dumping, processing or treatment of **Waste** material.
- B. Any fines, penalties or exemplary **Damages**.
- C. Any clean-up costs ordered by the Superfund program, or any federal, state or local governmental authority. However, this specific exclusion (3) shall not serve to deny coverage for third party clean-up costs otherwise covered by this endorsement simply because of the involvement of a governmental authority;
- D. Acid rain;
- E. Clean up, removal, containment, treatment, detoxification or neutralization of **Pollutants** situated on premises the **Member** currently owns, rents or occupies or owned, rented or occupied at the time of the actual discharge, dispersal, seepage, migration, release or escape of said **Pollutants**; or
- F. Water pollution caused by oil or by its derivatives.

17-20. Property Damage

For the cost to modify any building or property in order to make said building or property more accessible or accommodating to any disabled or incapacitated person.

Arising from **Property Damage** to:

- A. Property owned by a **Covered Party**; or
- B. Property rented or leased to a **Covered Party** where the **Covered Party** had assumed liability for damage to or destruction of such property, unless the **Covered Party** would have been liable in the absence of such assumption of liability or contractual liability

18-21. Watercraft

Arising out of the ownership, maintenance, operation, use, entrustment to others, loading or unloading of any watercraft owned or operated by or rented or loaned by any **Covered Party**, but this exclusion does not apply to:

- A. Watercraft while ashore on premises owned or rented by **Covered Party**;
- B. Watercraft less than fifty-one (51) feet in length at the waterline.
- C. Watercraft with no self-propulsion capabilities, regardless of length.
- D. Rowing or sculling shells regardless of length.

19-22. Under Errors and Omissions Liability:

- A. Based on **Covered Party's** obtaining of financial gain to which the **Covered Party** was not legally entitled.



- B. Arising out of the willful violation of a penal code or ordinance committed by or with knowledge of consent of any **Covered Party**; except that any act pertaining to any one **Covered Party** shall not be imputed to any other **Covered Party** for the purpose of determining the application of this exclusion.
- C. Refund or restitution of taxes, fees, or assessments.

20-23. Under Media Wrongful Acts:

- A. Based upon, arising out of, directly or indirectly resulting from, in consequence of or in any way involving any actual or alleged infringement, contributing to the infringement, or inducing the infringement of any patent.
- B. Actual or alleged violation of any federal, state or local statute, law or regulation regarding the dissemination of unsolicited communications, including but not limited to unsolicited telephone calls, facsimiles and electronic mail; or
- C. Liability of any **Member** arising in whole or in part, out of any **Covered Party** obtaining remuneration or financial gain to which the **Covered Party** was not legally entitled;
- D. Liability arising out of the willful violation of a penal statute, code or ordinance committed by or with the knowledge or consent of any **Member**; except that any act for which a **Covered Party** is responsible shall not be imputed to any other **Covered Party** for purposes of this subpart 3.
- ~~A. Refund or restitution of taxes, fees, or assessments.~~
- ~~D.E. Arising out of oral or written publication of material, if done by or at the direction by you with knowledge of its falsity.~~

This exclusion does not apply to liability arising from the managerial, advisory, supervisory, or controlling obligations of any **Covered Party** over the action of another **Covered Party**;

SECTION VII – CONDITIONS

1. Action Against CSURMA - No action shall lie against CSURMA unless, as a condition precedent thereto, the **Covered Party** shall have fully complied with all the terms of this Memorandum nor until the amount of the **Covered Party's** obligation to pay shall have been finally determined whether by judgment against the **Covered Party** after actual trial or by written agreement of the **Covered Party**, the claimant and CSURMA. Said judgment shall not be deemed final, if an appeal be prosecuted therefrom, until the suit shall have been finally determined on appeal. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this document to the extent of the coverage afforded by this document. Nothing contained in this document shall give any person or organization any right to join CSURMA as a co-defendant in any action against the **Covered Party** to determine such **Covered Party's** liability. Under no circumstances shall CSURMA be liable for consequential damages, "bad faith" damages, or any sums beyond the amounts due under Section I - Coverages, plus interest at the same rate as the CSURMA earned on investments for the time period involved.
2. Arbitration:



- A. In the event that a question or dispute arises between CSURMA and a **Covered Party** concerning the applicability of the coverage provided by this document to an **Occurrence** or **Wrongful Act** or **Claim** against the **Covered Party**, either the **Covered Party** or CSURMA may make a written request for arbitration. Where such a request is made, arbitration shall be a condition precedent to the filing of any civil action concerning, or in any way arising out of, such question or dispute.
 - B. If a **Covered Party** and CSURMA fail to agree upon an arbitrator, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within thirty (30) days, either may request selection by a judge of a court having jurisdiction. Each party will bear the expense it incurs, and the two parties will bear the expense of the third arbitrator equally. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will constitute a determination of the matter in question or dispute.
 - C. Except as otherwise provided above, arbitration hereunder shall be conducted as provided in Title 9 of the California Code of Civil Procedure (Code of Civil Procedure Section 1280, *et seq.*).
3. Assignment: No assignment of interest under this Memorandum shall bind CSURMA without its written consent and endorsed hereon.
 4. Cancellation and Termination:
Coverage provided under this Memorandum may be terminated at any time in accordance with the terms set forth in the CSURMA Joint Powers Agreement, the Bylaws and the Policies and Procedures.
 5. Changes to the Memorandum: This Memorandum may not be amended or changed in any respect, nor shall any provision of this Memorandum be deemed to have been waived by CSURMA, unless and until a written endorsement which expressly amends this Memorandum or waives a provision thereof has been duly issued by CSURMA and made a part of this Memorandum, unless the CSURMA Policies and Procedures regarding claims reporting and claims administration and litigation management have been amended by CSURMA.
 6. Claims Settlement: As stated in the CSURMA Policy and Procedures regarding Claims Reporting and Claims Administration and Litigation Management.
 7. Contribution Payment: The annual contribution payment shall be due and payable upon inception of coverage and each renewal thereafter. The amount of the annual contribution will be computed in accordance with CSURMA's rules and rates. CSURMA shall not be required to perform any obligations under this Memorandum if contributions are not paid.
 8. Duties in the Event of Occurrence, Wrongful Act, Claim or Suit: The following provisions and the provisions of the CSURMA Memorandum and Policy and Procedure on Claims Reporting and Claims Administration and Litigation Management are conditions precedent to coverage under this Memorandum. The **Covered Party's** failure to comply with any of these provisions will be cause for a reduction in or denial of coverage by CSURMA.
 - A. In the event of any **Occurrence** or an offense which may result in a claim, suit or proceeding against a **Covered Party**, written notice (includes e-mail correspondence, fax transmissions and original hard copy notifications) shall be given by the **Member** to CSURMA as soon as practicable.



- B. When the **Member** submits the first claim report, the following information shall be included, if available and applicable:
- 1) How, when and where the **Occurrence** or offense took place;
 - 2) The names and addresses of any injured persons and witnesses;
 - 3) The nature and location of any injury or damage arising out of the **Occurrence** or offense;
 - 4) Incident reports;
 - 5) Investigation reports;
 - 6) Police reports;
 - 7) Claim notices and **Member** and any other involved **Covered Party** response(s);
 - 8) Medical reports; and
 - 9) Other information helpful to CSURMA.
- C. The **Member** and any other involved **Covered Party** shall provide immediate notice of any Pleadings, Summons, Complaints and any other legal papers received by the **Member** or other involved **Covered Party** to the CSURMA Claims Administrator and authorize CSURMA to obtain records and other information;
- D. The **Member** and any other involved **Covered Party** will cooperate with CSURMA in the investigation or settlement of the claim, suit or proceeding or defense against and assist CSURMA, in the enforcement of any right against any person or organization which may be liable to the **Member** because of injury or damage to which this coverage may also apply.

9. Inspection and Audit: CSURMA shall have the right, but not the obligation, to inspect the **Member's** property and operations at any time. Neither our right to make inspections, nor the making thereof, nor any report thereon shall constitute an undertaking, on behalf or benefit of the **Member** or others, to determine or warrant that such property or operations are safe or healthy.

The **Member** shall maintain records of such information as is necessary for premium computation, and shall send copies of such record to CSURMA at the end of the **Coverage Period** and at such times during the **Coverage Period** as we may direct. CSURMA may examine and audit **Member's** books and records as they relate to this Memorandum at any time during the **Coverage Period** and extensions thereof and within three (3) years after the final termination of this Policy.

10. No Voluntary Payments: Except as stated below, no **Member** will, except at that **Member's** own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without the consent of CSURMA.

With respect to **Employment Practices Liability**, as stated in CSURMA Policy and Procedure on Claims Reporting, in no event shall any payments be made by CSURMA for any costs incurred to



defend a covered **Claim** more than thirty (30) days prior to written notification of an **Occurrence**, offense, **Claim** or suit to CSURMA.

Moreover, no settlement of any **Claim** shall be paid by CSURMA without prior written authorization of CSURMA.

As requested, CSURMA shall be entitled to complete access to the **Member's** claim file, the defense attorney's complete file, and all investigation material and reports, including all evaluations and information on negotiations. The **Member** shall be responsible to report on the progress of the litigation and any significant developments at least quarterly to CSURMA, and to provide CSURMA with simultaneous copies of all correspondence provided to the covered party by its defense attorneys and/or agents.

11. Other Coverage: It being recognized that similar coverage contracts contain Other Insurance Clauses, it is therefore intended, understood and agreed that:
 - A. Notwithstanding the terms and conditions of any Other Insurance Clause of Clauses in any policy or policies where other coverage is available to the **Covered Party** (whether such policy is issued to the **Covered Party** or extends to it as employer, employee or agent in any other capacity), the coverage afforded hereunder is intended to be, and shall be, excess coverage; and under no circumstances shall the coverage afforded hereunder be considered pro-rata, concurring or co-existent.
 - B. If any other coverage is available to the **Covered Party**, whether such coverage is called excess over, or pro-rata with other valid and collectible insurance or not, the coverage afforded hereunder shall not apply until such other coverage has been exhausted, provided that this clause does not apply with respect to excess insurance purchased specifically to be in excess of this document.
12. Separation of Covered Parties: Except with respect to the Section III – Limitations Upon CSURMA's Liability, and any rights or duties specifically assigned to this Memorandum, this coverage applies:
 - A. As if each **Covered Party** were the only **Covered Party**; and
 - B. Separately to each **Covered Party** against whom the **Claim** is made or suit is brought.
13. Statutory Provisions: Terms of the Memorandum which are in conflict with the statutes of the State of California are amended to conform to such statutes.
14. Subrogation/Transfer of Rights of Recovery Against Others to CSURMA: CSURMA shall be subrogated to the extent of any payment hereunder, to all of **Member's** rights of recovery and **Member** shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. **Member** may elect to waive their rights to subrogation prior to a loss. To the extent that **Member** elects to waive such rights, CSURMA shall have no right of subrogation. Any amount recovered shall be apportioned as follows:

Any interest, including yours, having paid an amount in excess of **Member's Deductible(s)** plus the Limit of Liability hereunder shall be reimbursed first to the extent of actual payment. CSURMA shall be reimbursed next, to the extent of actual payment hereunder. If any balance then remains unpaid, it shall be applied to reimburse the Member. The expense of all such recovery proceedings



shall be apportioned in the ratio of the respective recoveries. If there is no recovery in proceedings conducted solely by **Member**, then **Member** shall bear the expenses thereof.

**CSURMA’S CONFLICT OF INTEREST CODE - CONSULTANTS / NEW
 POSITIONS DETERMINATION OF DISCLSOSURE CATEGORIES**

ISSUE: CSURMA has adopted a conflict of interest code as required by state law and regulation. The code has been approved by the Fair Political Practices commission and requires certain consultants to CSURMA to file Form 700 statements. At the discretion of the CSURMA Chair, consultants with limited duties are not required to file Form 700 statements.

CSURMA currently requires the following consultants to comply with its conflict of interest disclosure requirements and file a Form 700 with the FPPC:

- Alliant Insurance Services, Inc.
- Sedgwick CMS
- Carl Warren & Company

CSURMA has contracts with the following consultants who are **not** currently required to comply with CSURMA’s disclosure requirements:

Table 1

Consultant	Description of Duties	Disclosure
Employers Group	HR consulting for the CSU Auxiliary Organizations.	No disclosure is required.
Witt O’Brien’s, LLC	Emergency management and business continuity consulting.	No disclosure is required.
Praesidium	Safety and risk management consulting for programs involving minors.	No disclosure is required.
Health Special Risk Inc.	Third party claims administration for AIME and Club Sports programs.	No disclosure is required.
Equifax	Unemployment insurance claims administration.	No disclosure is required.
AON	Actuarial services.	No disclosure is required.

RECOMMENDATION: Staff recommends that the Committee discuss the scope of work performed by each of the consultants shown in Table 1, and determine if the duties of the consultants are limited in scope, and therefore, are not required to comply with CSURMA’s conflict of interest disclosure requirements.

FISCAL IMPACT: None.

BACKGROUND: Staff will be on hand at the meeting to discuss the consultants' scope of duties for CSURMA in order to assist the Committee in making a final determination.

PUBLICATION: If the consultants required to comply with CSURMA's conflict of interest disclosure requirements changes, Staff will inform the consultant directly.

ATTACHMENT(S):

- a. CSURMA's Conflict of Interest Code
- b. List of Form 700 Filers

CONFLICT OF INTEREST CODE FOR THE CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

The Political Reform Act (Cal. Gov. Code Sect. 81000, *et seq.*) requires that state and local government agencies adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the conflict of interest of code of the **California State University Risk Management Authority (CSURMA)**.

Individuals holding designated positions must file their statements of economic interests electronically with the **Fair Political Practices Commission**. All other individuals holding designated positions must file their statements with CSURMA. All statements must be made available for public inspection and reproduction under Government Code Section 81008.

Note: CSURMA cited: Sections 81008, 87300, 87306, Government Code. Reference: Section 87302, Government Code.

**APPENDIX TO
CONFLICT OF INTEREST CODE OF THE
CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY**

<u>Designated Positions *</u>	<u>Disclosure Category:</u>
Members of the AORMA Committee	All
Attorney	All
Risk Management Consultant	All
Secretary-Auditor	All
Claims Administrators	All
Other Consultants/New Position	**

Note: The positions of Risk Management Consultant, Claims Administrators, and Program Director are filled by an outside consultant, but act in a staff capacity.

Officials who manage public investments:

It has been determined that the positions listed below manage public investments and will file a Statement of Economic Interest pursuant to California Government Code Section 87200:

Members of Board of Directors
 Alternate Members of Board of Directors
 Members of Executive Committee
 Chair
 Vice-Chair
 Program Director
 Treasurer

*Certain CSURMA employees and officers may hold more than one position. In the case of an employee or officer who holds two designated positions, that person need file only one Form 700 Statement of Economic Interests covering both/all designated positions. In the case of an employee or official who holds a designated position or positions and is also classified as an official who manages public investments, that person need file only the Form 700 Statement of Economic Interest required under California Government Code Section 87200 for both/all of his or her positions.

**With respect to Consultants/New Position, the Chair of the CSURMA may determine in writing whether a particular Consultant or New Position is hired to perform a range of duties which are limited in scope, and thus, is not required to comply with the disclosure requirements described in these categories. Such determination shall include a description of the Consultant's or New Position's duties, and, based on that description, a statement of the extent of disclosure requirements. The Chair of the CSURMA's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Government Code Section 81008.)

Nothing herein excuses any such consultant from any other provisions of this Conflict of Interest Code. (Government Code Section 81008.) If these positions are held by business firms, the

statement shall be filed by the individual in the firm who has primary responsibility for conducting the firm's business activities for the CSURMA.

Disclosure Categories

Persons designated to report in any of the following categories shall disclose relevant information concerning:

Category 1. Investments and business positions in business entities, and income (including the receipt of loans, gifts, and travel payments), from sources of the type to contract with the CSURMA to supply materials, goods, products, supplies, services, commodities or equipment, or lease space utilized by the CSURMA.

Category 2. Investments and business positions in business entities, and income (including the receipt of loans, gifts, and travel payments), from contractors engaged in the performance of work or services of the type utilized by the CSURMA, including professional services.

Category 3. Investments and business positions in business entities, and income (including the receipt of loans, gifts, and travel payments), from contractors engaged in the business of insurance including, but not limited to, insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers and actuaries.

Category 4. Investments and business positions in financial institutions, and income (including the receipt of loans, gifts, and travel payments) including, but not limited to, banks, savings and loans associations and credit unions in which the CSURMA has deposited or invested funds during the year preceding the filing of the statement.

Category 5. Investments and business positions in business entities, and income (including the receipt of loans, gifts, and travel payments) from which either have claims pending or during the year preceding the filing of the statement, filed a claim against the CSURMA or any member of the CSURMA.

This is the last page of the conflict of interest code for the **California State University Risk Management Authority**.



CERTIFICATION OF FPPC APPROVAL

Pursuant to Government Code Section 87303, the conflict of interest code for the **California State University Risk Management Authority** was approved on

3/12 2019.

A large, stylized handwritten signature in black ink, appearing to read "John M. Feser, Jr.", written over a horizontal line.

John M. Feser, Jr.
Senior Commission Counsel
Fair Political Practices Commission

Pursuant to Government Code Section 11346.2:

Secretary of State Filing Date:

Effective:

**Consultants to CSURMA
Currently Filing a Form 700 Statement with the FPPC**

Willy	Hsu	California State University	Consultant / Attorney
Robin	Webb	California State University	Consultant / Attorney
Trish	Daniels	Sedgwick CMS	Consultant / Claims Administrator
Cindy	Parker	Sedgwick CMS	Consultant / Claims Administrator
Brandon	Schlenker	Carl Warren & Company	Consultant / Claims Administrator
Daniel	Howell	Alliant Insurance Services, Inc.	Consultant / Program Director
Robert	Leong	Alliant Insurance Services, Inc.	Consultant / Program Administrator
Amy	Lightner	Alliant Insurance Services, Inc.	Consultant / Program Administrator
Mimi	Long	Alliant Insurance Services, Inc.	Consultant / Program Administrator
P.J.	Skarlanic	Alliant Insurance Services, Inc.	Consultant / Program Administrator

PRAESIDIUM UPDATE

ISSUE: The Committee will hear an update from Candace Collins regarding the abuse prevention services currently purchased through Praesidium.

RECOMMENDATION: No action is requested; however, the Committee may provide direction to Staff as appropriate.

FISCAL IMPACT: None.

BACKGROUND: CSURMA has been partnering with Praesidium since 2014 to provide abuse prevention risk management services. The current three-year contract with Praesidium will expire on June 30, 2020.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. Praesidium Update



Praesidium Update

*Our Mission is to help you protect those in your care from abuse
and to help preserve trust in your organization.*



Abuse Risk Management Updates and Trends

National Trends

- Increased regulation and oversight designed to strengthen abuse prevention measures on a broader scale
 - Federal legislation
 - National organizations restructuring
- Investigations by higher level authorities
- Increasing accountability within organizational leadership
- Development of youth protection mechanisms as an industry standard
- Identifying who is responsible for protection efforts
- Healthcare claims
- Foundations and funders questioning their role and capacity building opportunities
- Expanding statutes of limitations
- Plaintiffs are prevailing, with average payouts in the millions

Verdicts From Child Sexual Abuse Cases 2013-2018



Win/Loss Ratio 5:1



Average Payout: \$7,274,000



Range: \$15,000 - \$60,000,000



Offender: 30% Youth | 70% Adult



CSU / Praesidium Partnership:

Where We've Been and Where We're Headed

The Partnership Path

2014-2016: Assess Exposures & Deliver Resources

2016-2017: Engage Leadership & Facilitate Campus Initiatives

2017-2020: Continue to Engage Leadership and Facilitate Campus Initiatives while Creating Torchbearers

Existing Impact within the CSU

Assess Exposures and Close Gaps



- 12 campuses used *KYS!* to start 90+ program level assessments
- 3 campus-wide on-site risk assessments to create campus-level strategies
- 3 auxiliary-level on-site risk assessments
- 1 student health on-site risk assessment



Engage Leadership

- 6 Regional Leadership workshops

Existing Impact within the CSU



Define Expectations at the Campus Level

5+ campuses working on campus level policies



Deliver Training

16 on-site trainings at 4 campuses

Thousands of online training courses completed



Maintain the Momentum

2 Certified Praesidium Guardian workshops

*cultivating 33 torchbearers from 19 campuses +
Chancellor's Office*

What this Means for Managing this Risk within the CSU

- ✓ System level leadership remains committed to youth protection
- ✓ System level requirements in two core areas:
 - Background checks
 - Reporting of suspected child abuse
- ✓ Remaining abuse prevention efforts have been voluntary and vary widely by campus/auxiliary





Where Do We Go From Here?

Understand What's on the National Horizon

- Look through the lens of national, high profile cases
- **Higher standards** extending well beyond backgrounds checks, training, and mandated reporting
- **Institutional** awareness and commitment
- Increased **program-level accountability**
- Demonstrate commitment through **proof of implementation**
 - Parents Insurance Carriers Funders / Foundations Media
- **Victim support** is the norm not the exception
- **Board and leadership** education and accountability
- Dedicated **Youth Protection role** within organizations

Understanding Abuse Risk Expands Beyond Youth in Programs

“It is not possible to provide an accurate estimation of the frequency of sexual violations in medicine.”

[Sexual Violation of Patients by Physicians: A Mixed-Methods, Exploratory Analysis of 101 Cases \(2017\)](#)



1999-2017

6,500 sexual misconduct cases nationwide

43% involve physicians doctors.ajc.com/

NPDB

2000-2017

7,200 separate reports of disciplinary measures against healthcare professionals
California has the highest number of adverse licensing actions

www.npdb.hrsa.gov <https://www.murphyfalcon.com/sexual-misconduct-among-healthcare-professionals/>

Future Efforts Designed to Institutionalize a Culture of Safety

Voice from the Top



Establish Standards of Care



Provide Abuse Prevention Resources



Integrate Accountability Systems

KEEP IN TOUCH

Candace Collins, JD
Director of Strategic Alliances
CCollins@Praesidiuminc.com

Jimmy Bourgeois, JD
Account Manager
JBourgeois@Praesidiuminc.com

Praesidium
800.743.6354
www.PraesidiumInc.com
SafetyBulletin@Praesidiuminc.com



AORMA PROGRAMS UPDATE

ISSUE: The Auxiliary Organizations Risk Management Alliance (AORMA) continues to address the insurance and risk management needs of its members. All Auxiliary Organizations in Good Standing purchase insurance coverage through the AORMA.

The AORMA Chair, will report on the activities of the AORMA Committee.

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

FISCAL IMPACT: None.

BACKGROUND: The AORMA was first marketed to CSU Auxiliary Organizations in 1998. Since that time, the program has grown from 12 members to 86 members, and represents 100% participation.

PUBLICATION: None.

ATTACHMENT(S): None.

AIME PROGRAMS UPDATE

ISSUE: The Athletic Injury Medical Expense (AIME) program continues to address the insurance and risk management needs of its members.

The Executive Committee Liaison for AIME, will report on the activities of the AIME Committee.

RECOMMENDATION: This item is for information only; no action is required on this item at today's meeting.

FISCAL IMPACT: None.

BACKGROUND: AIME is designed to cover medical expenses arising from injuries to student athletes while practicing or competing in inter-collegiate sports programs of the university.

PUBLICATION: None.

ATTACHMENT(S): None.

FY 2019/2020 LONG RANGE PLANNING GOALS

ISSUE: Each year the Executive Committee conducts a Long Range Action Planning meeting to gauge progress and to re-evaluate where efforts should be focused.

RECOMMENDATION: This item is for information only; no action is requested.

FISCAL IMPACT: No fiscal impact is expected from today's meeting.

BACKGROUND: The CSURMA Executive Committee adopts the FY 2019/2020 Long Range Planning goals to be accomplished. The Committee will receive a report from Staff on the assigned responsibilities and deadlines of the FY 2019/2020 Long Range Planning goals.

PUBLICATION: None.

ATTACHMENT(S):

- a. FY 2019/2020 CSURMA Long Range Action Plan

FY 2019/20 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1 Creation of a Formal Process to Regulate and Approve Financing of Risk Programs through CSURMA					
Develop a policy and procedure for development and implementation of risk programs that includes an evaluation of long term financial viability	1	Evaluation of steps necessary for developing and launching risk financing programs	PA	Jul-19	Completed
	2	Prepare draft of proposed policy and procedure	PA, SRM	Jul-19	Completed
	3	Review by CSURMA Treasurer	SRM	Aug-19	Completed
	4	Review by Executive Committee of proposed policy and procedure	EC	Sep-19	Completed
	5	Adoption by CSURMA Board of Directors	BOD	Nov-19	In Process
LRP-2 Further Development of Youth Protection Programs					
CSURMA will promote the concepts of higher level adoption of youth protection programs at the campuses, including auxiliary organizations	1	Creation of custom tool which could be used to provide safety guidelines, track minors on campus, and record completions of mandated training	PA	Jan-20	
	2	Provide systemwide safety guidance for minors on campus including mandated training	PA, SRM	Mar-20	
	3	Review whether registration of all minors coming onto campus for sponsored events is feasible	PA, SRM	Mar-20	
	4	Tie in faculty and student interactions	PA, SRM	Mar-20	
LRP-3 CSURMA Review of its Digital Compliance					
CSURMA will evaluate its website, data systems and service provider systems for digital compliance and security	1	Review CSURMA website for digital ADA compliance	PA	Oct-19	In Process
	2	Report to CSURMA EC	PA	Nov-19	In Process
	3	Implement Website Changes as appropriate	PA	Dec-19	
	4	Compile list of data systems and vendors	SRM, PA	Aug-19	
	5	Survey for security compliance	SRM, PA	Nov-19	
	6	Report to CSURMA EC	SRM, PA	Jan-20	
LRP-4 Development of a CSURMA Critical Events Toolkit					
Program Administrator Staff will develop a master CSURMA critical events toolkit to be housed on the CSURMA website	1	Review all appropriate services currently available to members	PA	Aug-19	Completed
	2	Create and/or update coverage summaries of the programs in place	PA	Aug-19	Completed
	3	Work with IT to update the CSURMA website to create a location for the toolkit	PA	Aug-19	Completed
	4	Post all toolkit items	PA	Aug-19	Completed
	5	Review the new toolkit with the Executive Committee	EC	Sep-19	Completed
	6	Provide notification to Members	PA	Oct-19	In Process
LRP-5 Liability Program Memorandum of Coverage Review with Coverage Counsel					
Review both the Campus Risk Pool and AORMA Liability Program Memoranda of Coverage	1	Staff review of MOC's with insurance industry forms and other JPA MOC's	PA	Aug-19	Completed
	2	Review of initial findings with CSU OGC and SRM	PA, SRM, OGC	Aug-19	Completed
	4	Engage Coverage Counsel for review as necessary	PA	Aug-19	Completed
	3	Initial report to Executive and AORMA Committees	PA, SRM, OGC	Sep-19	Completed
	5	Present recommended changes to Executive and AORMA Committees	PA, SRM, OGC	Sep-19	Completed
	6	Communicate MOC changes to the members	PA, SRM	Apr-20	
	7	Implement new MOC's	PA	Jul-20	

FY 2019/20 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-6 Foreign Travel Program Review					
Review of Foreign Travel insurance program coverages, cost and services	1	SRM Initiated review supported by PA	SRM, PA	Aug-19	In Process
	2	Initial report to Executive and AORMA Committees	SRM, PA	Sep-19	In Process
	3	Discussion of proposed changes with CSU IP, at Fitting the Pieces Conference and with other interest groups	SRM, PA	Nov-19	In Process
	4	Approval of proposed changes by EC	EC	Jan-20	
	5	Communication of changes and initiation of implementation plan	SRM, PA	Feb-20	
	6	Launch of FTIP 2.0	SRM, PA	Jul-20	
LRP-7 CSURMA Master Calendar for Upcoming Trainings, Conferences and Events					
Program Administrator Staff will develop a master calendar and identify appropriate audiences and communication methods	1	Create Master CSURMA Events Calendar	PA	Aug-19	Completed
	2	Research / collect all notifications of upcoming events to be added to the calendar	PA	Aug-19	Completed
	3	Work with IT to update the CSURMA website to create a location for the new events calendar	PA	Aug-19	Completed
	4	Post the new events calendar	PA	Aug-19	Completed
	5	Review the new events calendar with the Executive Committee	EC	Sep-19	Completed
	6	Provide notification of the Members	PA	Sep-19	In Process
LRP-8 Master Enabling Agreement for Environmental Sampling Services					
Many campuses are regularly engaging environmental sampling service providers using separate procurement processes that could be avoided under a MEA	1	Identify and engage with systemwide task group to identify the scope of services for the MEA	SRM	Aug-19	In Process
	2	Prepare RFP for MEA and conduct process	SRM	Oct-19	
	3	Select service provider(s), negotiate and execute MEA(s)	SRM	Jan-20	
	4	Communicate results and participation process to campuses	SRM	Apr-20	

BOD: CSURMA Board of Directors
CABO: CSU Chief Administrators and Business Officers
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

CSURMA ADMINISTRATIVE SERVICE CALENDAR

ISSUE: This item is provided as information to advise the Executive Committee 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 Executive Committee review the CSURMA Administrative Service Calendar and provide direction to staff as appropriate.

FISCAL IMPACT: No direct fiscal impact is expected.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Administrative Service Calendar

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
JANUARY 2019				
01/01/19	CSURMA Policies and Procedures (odd in odd years / even in even years)	Alliant Staff	Robert Leong	Completed
01/02/19	FORM 700 - JPA ADMIN finalizes current year member listing	Alliant Staff	Tevea Him	Completed
01/06/19	State Filing - Statement of Facts – Roster of Public Agencies - file with Secretary of State	Alliant Staff	Tevea Him	Pending
01/06/19	State Filing - Joint Powers Authority - file with Secretary of State - As Needed	Alliant Staff	Tevea Him	N/A
01/06/19	State Filing - Financial Statement to the County Auditor and State Controller	Alliant Staff	Tevea Him	Completed
01/06/19	Treasurers' Bond	Alliant Staff	Van Rin	Completed
01/07/19	Announce the new AORMA Committee open seats on the AORMA Committee at the AOA Conference	Nominations Committee	Mimi Long	Completed
1/13-16/2019	CSURMA AOA CONFERENCE	Alliant Staff	Mimi Long	Completed
01/13/19	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
01/14/19	AIME Committee Meeting	Alliant Staff	Stacey Weeks	Completed
01/15/19	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
01/31/19	Final premium / rate letter to all AORMA members	Alliant Staff	Mimi Long	Completed
01/31/19	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
FEBRUARY 2019				
02/01/19	Campus Liability Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	Completed
02/01/19	AORMA Liability Program claims audit (every odd year)	Alliant Staff	Mimi Long	Completed
02/01/19	Campus Workers' Compensation Risk Pool claims audit (every odd year)	Alliant Staff	Jacki Graf	Completed
02/01/19	AIME Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	Completed
02/01/19	AORMA Workers' Compensation program claims administration audit (every even year)	Alliant Staff	Jacki Graf	N/A
MARCH 2019				
03/01/19	AORMA Liability Program - Reinsurance Recovery / EPL Deductible Recovery (verify w/ Yumi)	Carl Warren	Mimi Long	N/A
03/01/19	CSURMA Cash Flow Statement at Dec 31st	Alliant Staff	Susan Leung	
03/01/19	AORMA Liability Program - Reinsurance Recovery (verify w/ Yumi)	Carl Warren	Mimi Long	N/A
03/01/19	Chancellor's Office Services Budget Proposals	Alliant Staff	Mimi Long	Completed
03/01/19	CSURMA Budget (EC and AORMA Approval)	Alliant Staff	Robert Leong	Completed
03/01/19	Review of the CSURMA Master Investment Policy	Alliant Staff	Mimi Long	Completed
03/01/19	CSURMA Mid-Term Budget Amendments	Alliant Staff	Robert Leong	Completed
03/01/19	FORM 700 - Follow up No. 3 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
03/01/19	Review the Auxiliary Service Provider Report	Alliant Staff	Mimi Long	Completed
03/01/19	Appointment of the Campus Programs RPTG - Spring 2018 (FY 2019/2020)	Alliant Staff	Robert Leong	Completed
03/07/19	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
03/07/19	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
03/08/19	CSURMA EC LRP Meeting	Alliant Staff	Mimi Long	Completed
03/20/19	Forward slate of nominees to fill the open seats on the AORMA Committee	Alliant Staff	Mimi Long	Completed
03/31/19	Completion of the Form 700 – Statement of Economic Interest	BOD and Alliant Staff	Tevea Him	Completed
APRIL 2019				
04/01/19	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	Completed
04/01/19	Send out ballot for AORMA Committee term beginning on July 1, 2019	Alliant Staff	Tevea Him	Completed
04/30/19	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
MAY 2019				
05/06/19	<i>AIME Committee Meeting</i>	<i>Alliant Staff</i>	<i>Stacey Weeks</i>	<i>Completed</i>
05/02/19	<i>CSURMA BOD NMO Meeting via Teleconference</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
05/02/19	<i>AORMA Committee Meeting</i>	Alliant Staff	Mimi Long	Completed
05/03/19	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
05/03/19	<i>CSURMA BOD Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
05/01/19	Approval by EC Resolution allowing Treasurer to invest or reinvest funds (P/O Budget Resolution	BOD and Alliant Staff	Tevea Him	Completed
05/01/19	Approval of Conflict of Interest Code by BOD every even-number year - File with FPCC as required	BOD and Alliant Staff	Tevea Him	Completed
05/04/19	Receive back all AORMA Committee ballots for the term beginning on July 1, 2019	Alliant Staff	Tevea Him	Completed
05/11/19	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
05/15/19	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
05/30/19	Send out appointment letters to the newly elected AORMA Committee members for the term beginning on July 1, 2019	AORMA Chair/Alliant Staff	Tevea Him	N/A
05/30/19	Send out appointment letters to the newly elected Executive Committee members for the term beginning on July 1, 2019	AORMA Chair/Alliant Staff	Tevea Him	N/A
05/30/19	Update the AORMA Committee and Standing Committee Org Chart for the term beginning July 1, 2019	Alliant Staff	Tevea Him	Completed
05/30/19	Update the AORMA Committee and Standing Committee Roster for the term beginning July 1, 2019	Alliant Staff	Mimi Long	Completed
JUNE				
06/01/19	AORMA Liability Program - Reinsurance Recovery / EPL Deductible Recovery (verify w/ Yumi	Carl Warren	Mimi Long	Completed
06/01/19	CSURMA Cash Flow Statement at March 31st	Alliant Staff	Susan Leung	Completed
06/01/19	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
06/30/19	<i>Expiring Contract: CO Enterprise Accounting / Financial Services - July 1, 2018 to June 30, 2019</i>	Alliant Staff	Mimi Long	Completed
06/30/19	<i>Expiring Contract: UC Office of Risk Services Performing Arts Center of Excellence - November 1, 2013 to June 30, 2019</i>	Alliant Staff	Mimi Long	Completed
06/30/19	<i>Expiring Contract: Alliant Loss Control Services - July 1, 2018 to June 30, 2019 (new term July 1, 2019 to June 30, 2022)</i>	Alliant Staff	Mimi Long	Completed
06/30/19	<i>Expiring Contract: CO OGC / Legal - July 1, 2017 to June 30, 2019</i>	Alliant Staff	Mimi Long	Completed
06/30/20	<i>Expiring Contract: CO Systemwide Professional Development (AORMA online training)</i>	Alliant Staff	Mimi Long	N/A
06/30/19	<i>Expiring Contract: Carl Warren & Company (1st and 2nd options June 30, 2020 and 2021)</i>	Alliant Staff	Mimi Long	Completed
06/30/19	<i>Expiring Contract: CO Risk Management - July 1, 2017 to June 30, 2019</i>	Alliant Staff	Mimi Long	Completed
06/30/19	<i>Expiring Contract: Agility - July 1, 2017 to June 30, 2019</i>	Alliant Staff	Mimi Long	Completed
06/30/19	<i>Expiring Contract: Sedgwick - July 1, 2013 to June 30, 2019</i>	Alliant Staff	Mimi Long	N/A
06/30/20	<i>Expiring Contract: Employers Group Service Corp - July 1, 2013 to June 30, 2019</i>	Alliant Staff	Mimi Long	N/A
06/30/21	<i>Expiring Contract: Sedgwick CMS - July 1, 2018 to June 30, 2021</i>	Alliant Staff	Mimi Long	N/A
06/30/20	<i>Expiring Contract: Praesidium - July 1, 2017 to June 30, 2020</i>	Alliant Staff	Mimi Long	N/A
06/30/20	<i>Expiring Contract: Witt O'Brien's, LLC - July 1, 2014 to July 1, 2019</i>	Alliant Staff	Mimi Long	N/A
06/30/19	<i>Expiring Contract: Veoci - July 1, 2018 to June 30, 2019</i>	Alliant Staff	Mimi Long	Completed
06/30/21	<i>Expiring Contract: HSR (AIME and Club Sports) - July 1, 2015 to July 1, 2021</i>	Alliant Staff	Mimi Long	N/A
06/30/19	Request COI from all vendor's contract	Alliant Staff	La Shaunda	In Process

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
JULY				
07/01/23	OCIP Renewal (5 year program)	Alliant Staff	Daniel Howell/ Mimi Long	N/A
07/01/19	Financial audit prep with KPMG	Alliant Staff / RM	Van Rin	Completed
07/01/19	Send to CSU Accounting the approved dividends and allocation of program costs for invoicing	Alliant Staff	Van Rin	Completed
07/04/19	Send out AORMA binder, insurance summary and invoice to all members	Alliant Staff	Van Rin	Completed
07/05/19	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	Alliant Staff	Mimi Long	Completed
07/07/19	Request Liability (EPL check register) for minimum EPL deductible calculation for upcoming fiscal year	Alliant Staff	Tevea Him	Completed
07/14/19	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/15/19	Final FY Payroll - request from Chancellor's Office	Alliant Staff	Robert Leong	Completed
07/15/19	Process the Liability and Workers' Compensation dividend checks and forward to Alliant for distribution	CSU Accounting	Van Rin	Completed
07/TBD/2019	AORMA Officers Retreat – TBD	AORMA Officers	Mimi Long	Completed
07/21/19	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/28/19	FORM 700 - FORMS DUE TO FPCC ON THIS DATE [ASSUMING/LEAVING]	Alliant Staff	Tevea Him	Completed
07/31/19	Actuarial Study - receive draft and forward to RM	Alliant Staff	Robert Leong	Completed
07/31/19	Campus Workers' Compensation Program Safety National Aggregate Stop Loss Report - Present to EC in Sept	Alliant Staff	Robert Leong	Completed
07/31/19	Distribute the Liability and Workers' Compensation dividend checks	Alliant Staff	Van Rin	Completed
07/31/19	Request final audited payroll from all Workers' Compensation program members for expired year	Alliant Staff	Tevea Him	Completed
07/31/19	Survey legal counsel compensation and recommend to AORMA a fair and equitable maximum allowable hourly rate (every three years)	Liability TPA	Mimi Long	Completed
07/31/19	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
07/31/19	Appointment of the Campus Programs RPTG - 2019 (FY 2021/2022)	Alliant Staff	Robert Leong	Completed
07/31/19	Campus Workers' Compensation Program Safety National Aggregate Stop Loss Report	Alliant Staff	Robert Leong	Completed
AUGUST				
08/01/19	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	Completed
08/01/19	Send out letter regarding Campus Appointment of CSURMA Board of Directors Members and Alternate	Alliant Staff	Tevea Him	Completed
08/01/19	Send out letter to regarding Claims Settlement Authority Annual Confirmation	Alliant Staff	Tevea Him	Completed
08/01/19	Send out letter to regarding Foreign Travel Authority Confirmation	Alliant Staff	Tevea Him/ Stacey Weeks	Completed
08/01/19	Completion of draft actuarial studies for Workers' Compensation and Liability programs	Actuary	Mimi Long	Completed
08/01/19	AOA EC Meeting: Send out AORMA Summary	Alliant Staff	Mimi Long	Completed
08/11/19	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
08/15/19	AOA EC Meeting - San Diego	Alliant Staff	Mimi Long	Completed
08/31/19	Calculate additional premium or return premium for each Workers' Compensation program member based on the audited payroll	Alliant Staff	Mimi Long	Completed
08/31/19	Calculate each member's minimum EPL deductible for the upcoming program term	Alliant Staff	Mimi Long	Completed
08/31/19	Complete Target Surplus Funding Report	Alliant Staff	Mimi Long	Completed
08/31/19	Completion of Financial Audit	CSU Accounting	Mimi Long	In Process
08/31/19	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 6/30	Alliant Staff	Tevea Him	Completed
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	In Process
Begin Task	AORMA Workers' Compensation Desk Audit	Alliant Staff	Mimi Long	N/A

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
SEPTEMBER				
09/01/19	AORMA Liability Program - Reinsurance Recovery (verify w/ Carl Warren)	Carl Warren	Mimi Long	Completed
09/01/19	CSURMA Cash Flow Statement at June 30th	Alliant Staff	Susan Leung	In Process
<i>09/04/19</i>	<i>AORMA Long Range Plan meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>09/04/19</i>	<i>AORMA New Committee Member Orientation meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>09/05/19</i>	<i>AORMA Committee Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>09/05/19</i>	<i>CSURMA EC Orientation Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>09/06/19</i>	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>TBD</i>	<i>CAJPA Fall Conference and Training Seminar -South Lake Tahoe</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
09/14/19	CAJPA Standards review (2017, 2020, 2023 and every 3 years thereafter) - Start the Process	Alliant Staff	Mimi Long	N/A
09/15/19	Prepare invoices or checks for the Workers' Compensation payroll audit	CSU Accounting	Van Rin	Completed
09/15/19	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	
09/30/19	CSURMA Quarterly EPL Deductible Recoverys ending September 30 (Begin Task)	Alliant Staff	Van Rin	Completed
09/30/19	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 C	Mimi Long	In Process
OCTOBER				
10/01/19	Request completion of the Liability applicator	Alliant Staff	Mimi Long	Completed
10/01/19	Stewardship Report	Alliant Staff	Mimi Long	Completed
10/01/19	Update the CSURMA Tri-Fold based on June 30 financials.	Alliant Staff	Mimi Long	Completed
10/01/19	Request estimated Workers' Compensation payroll	Alliant Staff	Mimi Long	Completed
10/15/19	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
<i>10/14/19</i>	<i>AIME Committee Meeting</i>	<i>Alliant Staff</i>	<i>Stacey Weeks</i>	<i>Completed</i>
10/31/19	Government Compensation Report (request from CSU Accounting)	Accounting	Tevea Him	
10/31/19	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	
NOVEMBER				
11/01/19	Review CAJPA Accrediation Standard for new or reoccurring item	Alliant Staff	Tevea Him	
11/01/19	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	Completed
<i>11/08/19</i>	<i>CSURMA BOD Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
<i>11/08/19</i>	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
11/28/19	Send campus risk pool renewal budget (Budget)	Alliant Staff	Robert Leong	
11/28/19	Send campus risk pool renewal budget (Early Bird Renewal Letter)	Alliant Staff	Robert Leong	
11/28/19	Campus Risk Pool Deductible - Confirm (every 3 years - 2017, 2020)	Alliant Staff	Robert Leong	
11/30/19	Review volunteer losses within the Workers' Compensation program	Alliant Staff	Mimi Long	Completed
11/30/19	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 9/30	Alliant Staff	Tevea Him	

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
DECEMBER				
12/01/19	2018 Vendor Survey - Review List of Vendors and Work on Recipients	Risk Management	Risk Management	
12/01/19	CSURMA Cash Flow Statement at Sept. 30th	Alliant Staff	Susan Leung	
12/01/19	Appointment of the Club Sport Insurance Programs RPTG - Spring 2019 (FY 2019/2020)	Alliant Staff	Robert Leong	
12/01/19	AORMA Liability Program - Reinsurance Recovery (verify w/ Carl Warren)	Carl Warren	Mimi Long	
12/05/19	AORMA Committee Meeting	Alliant Staff	Mimi Long	
12/15/19	FORM 700 - Campus Risk Pool Administrator sends revised Campus Primary and Alternate CSURMA BOD member listing to JPA ADMIN	Alliant Staff	Tevea Him	
12/15/19	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	
12/30/19	Financial Audit - mail to Secretary of State and County Auditor	Alliant Staff/Accounting	Tevea Him	
12/31/19	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	In Process
12/31/19	Expiring Contract: Enterprises Rent A Car - January 1, 2018 - December 31, 2018	Alliant Staff	Mimi Long	
12/31/20	Expiring Contract: UC RSS			
12/31/19	Expiring Contract: Alliant Insurance Services (Brokerage Agreement) - December 31, 2019	Alliant Staff	Mimi Long	
12/31/19	Expiring Contract: Alliant Insurance Services (Brokerage Agreement OCIP) - December 31, 2019	Alliant Staff	Mimi Long	
12/31/19	Expiring Contract: Alliant Insurance Services (Program Admin Agreement) - December 31, 2019	Alliant Staff	Mimi Long	

FY 2019-20 AND FY 2020-21 CSURMA MEETING CALENDAR

ISSUE: The Program Administrator includes a current copy of the CSURMA meeting calendar in every agenda.

RECOMMENDATION: No action is requested on this item.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. 2019-2020 Meeting Calendar
- b. 2020-2021 Meeting Calendar

CSURMA EXECUTIVE COMMITTEE AND STAFF CONTACT LIST

ISSUE: Attached is a list of CSURMA Executive Committee members and the Program Administrators.

RECOMMENDATION: It is recommended that members review the list at each meeting for accuracy, making revisions as appropriate. If there are any changes, please contact Tevea Him at thim@alliant.com.

FISCAL IMPACT: None.

BACKGROUND: An accurate and current contact list facilitates better communication among Committee Members and Staff.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Executive Committee and Staff Contact List

CSURMA EXECUTIVE COMMITTEE MEMBERS
Effective at July 1, 2019

Seat	Member	Position	Campus	Organization	E-Mail	Telephone Number
Chair	Lisa Chavez	Vice-President, Administration and Chief Financial Officer	Los Angeles	California State University Los Angeles	lisa.chavez@calstatela.edu	323-343-3500
Vice Chair	Kevin Saunders	VP Administration & Finance	Monterey Bay	California State University Monterey Bay	kesaunders@csumb.edu	831-582-3397
CSU Seat #1	Thom Davis	Vice President for Business and Administrative Services	Bakersfield	California State University, Bakersfield	tdavis31@csu.edu	661-654-2287
CSU Seat #2	Lisa Kao	Associate Director, EHS, Risk Management and Sustainability	Fresno	California State University Fresno	lisak@csufresno.edu	559-278-6910
CSU Seat #3	Scott Apel	Vice President and Chief Financial Officer, Administration and Finance	Long Beach	California State University Long Beach	scott.apel@csulb.edu	562-985-1658
CSU Seat #4	Amy Thomas	Director for Environmental Health, Safety & Risk Management	Monterey Bay	California State University Monterey Bay	amythomas1@csumb.edu	831-582-4766
AORMA Seat #5 - Chair	Dwayne Brummett	Director of Business Services	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	dbrummet@calpoly.edu	805-756-5768
AORMA Seat #6 - V Chair	Dave Nakamura	Executive Director	Humboldt	Humboldt State University Center	dave.nakamura@humboldt.edu	707-826-4878
Treasurer	Robert Eaton	Assistant Vice Chancellor, Financing, Treasury, and Risk Management	Chancellor's Office	California State University, Office of the Chancellor	reaton@calstate.edu	562-951-4572
Secretary Auditor	Zachary Gifford	Director of Systemwide Risk Management and Public Safety	Chancellor's Office	California State University, Office of the Chancellor	zgifford@calstate.edu	562-951-4580



California State University Risk Management Authority

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
JPA Program Administrator – Alliant Insurance Services, Inc.				
Certificate of Insurance Requests	Van Rin Andrew Gaspari	vrin@alliant.com andrew.gaspari@alliant.com	415-403-1408 415-403-1412	415-874-4810 415-874-4810
General CSURMA Coverage Questions (CAMPUS only)	Amy Lightner	amy.lightner@alliant.com	415-403-1457	415-874-4810
	Susan Leung	susan.leung@alliant.com	415-403-1435	415-874-4810
	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Daniel Howell	dhowell@alliant.com	415-403-1426	415-874-4810
	Robert Leong	rleong@alliant.com	415-403-1441	415-874-4810
General CSURMA AORMA Coverage Questions (Auxiliary Organizations only)	Mimi Long	mlong@alliant.com	415-403-1423	415-874-4810
	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Amy Lightner	amy.lightner@alliant.com	415-403-1457	415-874-4810
	Daniel Howell	dhowell@alliant.com	415-403-1426	415-874-4810
AIME	Stacey Weeks	sweeks@alliant.com	415-403-1448	415-874-4810
	Robert Leong	rleong@alliant.com	415-403-1441	415-874-4810
Inland Marine	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Mimi Long	mlong@alliant.com	415-403-1423	415-874-4810
	Andrew Gaspari	andrew.gaspari@alliant.com	415-403-1412	415-874-4810
Participant Accident Insurance (PAI)	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Tevea Him	thim@alliant.com	415-403-1416	415-874-4810
Special Events Insurance	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Foreign Travel Program	Stacey Weeks	sweeks@alliant.com	415-403-1448	415-874-4810
	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
General Risk Management Questions	Mimi Long	mlong@alliant.com	415-403-1423	415-874-4810
	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
	Amy Lightner	amy.lightner@alliant.com	415-403-1457	415-874-4810
	Daniel Howell	dhowell@alliant.com	415-403-1426	415-874-4810
Workers' Compensation Claims Consultant	Jacki Graf	jgraf@alliant.com	415-403-1438	415-874-4810
Alliant Claims Consulting	Robert Frey	rfrey@alliant.com	415-403-1445	415-403-1466
	Diana Walizada	dwalizada@alliant.com	415-403-1453	415-403-1466
	Elaine (Kim) Tizon	elaine.tizon@alliant.com	415-403-1458	415-403-1466
	Sheila McClenaghan	sheila.mcclenaghan@alliant.com	415-403-1492	415-403-1466
Form 700	Tevea Him	thim@alliant.com	415-403-1416	415-402-0773
Website and Technology Questions	La Shaunda Gaines	lashaunda.gaines@alliant.com	415-403-1489	415-874-4810
	Tevea Him	thim@alliant.com	415-403-1416	415-874-4810
	Myron Leavell	mleavell@alliant.com	415-403-1404	415-874-4810

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

305



California State University Risk Management Authority

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
CSU Chancellor's Office				
CSU Chancellor's Office	Scott Bourdon	sbourdon@calstate.edu	562-951-4580	
	Leona Ching	lching@calstate.edu	562-951-4580	562-951-4859
	Robert Eaton	reaton@calstate.edu	562-951-4572	562-951-4971
	Zachary Gifford	zgifford@calstate.edu	562-951-4568	562-951-4859
	Martha Guiditta	mguiditta@calstate.edu	562-951-4557	562-951-4859
	Audra Reed	areed@calstate.edu	562-951-4564	562-951-4971
	Steve Relyea	srelyea@calstate.edu	562-951-4600	562-951-4971
Jody VanLeuven	jvanleuven@calstate.edu	562-951-4574		
CSU Chancellor's Office Office of General Counsel	William Hsu Robin Webb	whsu@calstate.edu rwebb@calstate.edu	562-951-4500 562-951-4500	562-951-4956 562-951-4956
CSU Chancellor's Office Financial Services Division Systemwide Accounting & Reporting	Alice Kim Cindi Le Jessica Liu Tanaka Sheralin Klinthong Mary Ek	akim@calstate.edu cle@calstate.edu jliu@calstate.edu sklinthong@calstate.edu mek@calstate.edu	562-951-4627 562-951-4651 562-951-4621 562-951-4548 562-951-4540	562-951-4865
Chancellor's Office Systemwide Professional Development	David Kervella Chris Fondacaro	dkervella@calstate.edu cfondacaro@calstate.edu	562-951-4403 562-951-4403	

Coverage	Contact	E-Mail Address	Office	Fax
Loss Control Consultants – Alliant Risk Control				
Northern California	John Owen	john.owen@alliant.com	916-643-2736	

Chico, East Bay, Humboldt, Monterey, Sacramento, San Francisco, San Jose, San Luis Obispo, Sonoma, and Stanislaus

North LA and Central California	Tim Leech	tleech@alliant.com	949-260-5008	
North LA and Central California	Ray Machado	ray.machado@alliant.com	949-260-5081	

Bakersfield, Channel Islands, Dominguez Hills, Fresno, Los Angeles, and Northridge

Southern California	Kristina Loiselle	kloiselle@alliant.com	949-260-5042	
---------------------	-------------------	-----------------------	--------------	--

Fullerton, Long Beach, Pomona, San Bernardino, San Diego, and San Marcos

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